Transnationalism in Germany- The case of Turkish transnational entrepreneurs

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In Deutschland hat ein kleiner Anteil der deutschtürkischen UnternehmerInnen in letzter Zeit vielerlei wirtschaftliche Kontakte zu verschiedenen Ländern hergestellt und weltweit transnationale Firmen gegründet. Die vorliegende qualitative Studie zeigt, dass es nicht im Wesentlichen ethnische Netzwerke waren, auf die sie dabei gebaut haben, sondern dass sie aufgrund ihrer eigenen Voraussetzungen (hoher Bildungsstand, Fachwissen, Erfahrung, Unternehmergeist) in der Lage sind, die Möglichkeiten zu nutzen, die sich aus dem globalen Wandel ergeben. Im Gegensatz zu transnationalen Aktivitäten, die frühere Studien für die Amerikas dokumentieren, sind deutschtürkische transnationale UnternehmerInnen vielseitiger und globaler. Zum einen handeln Sie mit Textilien, Elektronik, Technologie, Unterhaltung, Tourismus und Lebensmitteln. Zum anderen unterhalten sie Geschäftsbeziehungen zu KundInnen aus der ganzen Welt, aus Asien, Afrika, Europa, Australien und den Amerikas. Grundsätzlich kann man sagen, dass deutschtürkische transnationale UntermehmerInnen vielseitige Verbindungen in den verschiedensten Länder der Welt pflegen und dass ihr unternehmerischer Erfolg nicht maßgeblich von Verbindungen zur Türkei abhängt.

Schlagwörter: Transnationalismus, Globalisierung, transnationales Unternehmertum, deutschtürkische transnationale UnternehmerInnen.

In Germany, a minority of Turkish immigrant entrepreneurs recently have developed multiple economic linkages with different countries, and set up transnational firms across the globe. This qualitative research finds that they have not relied heavily on the ethnic networks but draw on sufficient human capital to exploit resources and opportunities arising from the globalising changes. Compared to the transnational activities in previous studies conducted in the Americas, the Turkish transnational entrepreneurs are more diverse and global. First, their ventures include textiles, electronics, technology, entertainment, tourism and food production. Second, their clientele is worldwide covering Asia, Africa, Europe, Australia and the Americas. In essence, the Turkish transnational entrepreneurs have developed multiple ties that span different countries all over the world, and their economic success is not largely dependent on ties with their home country.

Keywords: Transnationalism, Globalisation, Transnational entrepreneurship, Turkish transnational entrepreneurs.

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Introduction

International migration has been significantly witnessed throughout much of history (Castles and Miller 1998, 5). In the agrarian economy, the states and landowners were receptive to inflows of foreign labour. Following the Industrial Revolution, capitalists became more influential in economic policy and they also optimised immigrant workers. Therefore, immigration remained relatively unrestricted in most European countries before the first decade of the twentieth century (Djajić 2001, xv). Between the two world wars international migration decreased sharply due to the economic recession and restrictive immigration policies. However, an upsurge in migration began in Europe and the United States in the post-war period (Hirst and Thompson 1996, 23). As a whole, the significance of the migrations has always been linked to the socio-economic relations, geographical division of labour and political mechanism of power (Massey 1999, 41).

International migration began in Western Europe predominantly in the post-1945 period, and is largely derived from an urgent need for cheap labour in comparison to the import of new population for nation building in the Americas and Oceania. The booming of manufacturing factories in industries for domestic demand and export has created ample job opportunities. In an attempt to take advantage of low wage rates, governments with support from capitalists have recruited foreign labour from less industrialised countries. This is generally called the 'guest worker policy' and it has produced mass migration before the 1970s. Germany is one of the countries in Europe that has recruited and utilised labour immigrants on a substantial scale (Castles and Miller 1998, 48-49, 68-71).

The increasing population of foreign workers in Germany has been witnessed since the Second World War. On account of the shortage of labour during the *Wirtschaftswunder* (economic miracle), the government initiated a guest worker programme. Its aim was to establish a rotation system by recruiting labour from abroad and allocating them to assigned jobs. Based on the system, all workers worked for a limited period of time only, and they were expected to leave the country whereby others would take over their jobs. The rotation system was meant to benefit all participating parties. First, the cheap labour supply could meet the high demand of

low-skilled workers in Germany. Second, immigrant workers were assumed to acquire knowledge and skills along with relatively high wages. Third, employment abroad would help reduce the unemployment rate in sending countries (Rudolph 1994, 119-122).

At the beginning of the 1960s, Germany started signing recruitment agreements with Spain, Greece, Turkey and other Mediterranean countries. In order to fulfil the objective of the rotation system, the number of workers was controlled by the issue of temporary work and residence permits. Work permits were usually prolonged as employers were reluctant to provide training for new workers (Rudolph 1994, 119-122). In brief, the employment of foreign workers was considered to be a short-term solution to bridge periods of labour shortage by keeping the foreign labour force flexible and adaptable to the demand of the German labour market.

Due to an oil crisis, the German government stopped recruiting foreign workers from non-member states of the European Union (EU) in 1973. However, family members of those migrants who had settled in Germany were allowed to enter the country. Since many of migrant workers did not return to their home country when the contract was ended, a return programme with financial incentives for the potential repatriates was introduced. Nevertheless, the majority of migrant workers chose to stay in Germany as the acceptance of the offer implied a non-return obligation (Chin 2007, 10-11). In particular many Turks chose to stay and eventually became the largest minority group within the category of guest workers in Germany (Martin 1991, 80).

The integration of Turkish migrant workers has been unpromising. Firstly, citizenship in Germany is based on blood, not place of birth or residence. Thus Turks are not entitled to be granted citizenship or specific rights. Secondly, they have been affected by the contradictory government policies as the German government has encouraged more returns of foreign workers whilst ignoring integration measures for the settled foreigners (Stowasser 2002, 53).[1] Migrant workers, particularly those who were from the non-EU member countries, had to find ways to adapt to the society.

[1] For example, no German legal code of immigration has been promulgated (Stowasser 2002, 53).

The Turks who arrived during the late 1960s and early 1970s had low or no skills, thus they had to engage into the industrial sector. Owing to the industrial restructuring in the late 1980s, many of them became unemployed. Nevertheless, some of them later successfully started their own business in Germany like many immigrants in other receiving countries (Martin 1991, 80-81, 83-84).

As the major group of non-EU nationals in Germany, Turkish migrants have been singled out politically and socioeconomically. However, a Turkish economy emerged in the 1980s. From the seventies, many Turkish migrants were given an unlimited residence permit to entitle them to own a business because they had resided in Germany longer than the officially required five/eight year period. Unfortunately, the requirement of a formal test in various crafts for establishing businesses has been a barrier. Apart from the legal regulations, an unfavourable business environment has been created by a general ignorance of business practice in Germany. For example, Turkey has long been a very important trading partner with Germany and a bilateral economic cooperation between them has been in place for 50 years (Federal Foreign Office of Germany 2010). However, the first German-Turkish Chamber of Industry in Istanbul (APC) was not established until 1994. It then took another ten years to set up the counterpart organisation in Germany (Türkisch-Deutsche Industrie- und Handelskammer 2010).

Nonetheless, the Turkish economy has been visible in Germany even though Turks have not been well-positioned to succeed in entrepreneurship. It has revealed that their accomplishment is primarily by reason of simultaneously serving ethnic needs and adjusting to the demands of Germany (Blaschke and Ersöz 1986, 40). Apart from the sizeable growth of the small- and medium-sized enterprises (SMEs), a minority of Turkish entrepreneurs have undergone significant transformation in recent years. They have developed multiple economic linkages with different countries and set up transnational firms across the globe.

The emergence of Turkish transnational entrepreneurs is not the only example of transnational entrepreneurship. Different types of transnational entrepreneurs have emerged in other parts of the world. The term ‘transnational entrepreneur’ commonly refers to an individual who migrates from one country to another whilst concurrently

maintaining business-related linkages with their country of origin (Drori, Honig and Wright 2009, 1001). It can be attributed to the changing nature of international migration (Light 2007) and the complex nature of international business activities (Yeung 2002). The former refers to the continuation of an open immigration policy prompted by a demand for new sources of low-wage labour related to the structural changes accompanied by the expansion of the global market (Portes 2000, 257). Since the middle of the 1970s, industrial restructuring has simultaneously brought about a decline of manufacturing sector and a growth of service sector in industrialised countries. Therefore, capitalist firms enter the less industrialised countries in search of both cheap labour and raw material as well as potential consumer markets. Earlier, such market penetration was fostered by colonial regimes. Nowadays however, market penetration is made feasible by multinational and transnational corporations in the main as they establish assembly plants to take advantage of low wage rate (Massey 1999, 41-42).

In addition to the promotion of open migration policy, there have been changes in the nature of international business activities. These include a reduced price of, and improved pace of information and communication technologies (Drori, Honig and Wright 2009, 1002; Doogan 2009, 11-12). Also, the business-related linkages are fostered by dense and extended immigrant social networks (Portes 2000, 257). In one instance, the social networks led to an exploitation of job opportunities identified in long distance labour market or locations (Sassen 1995). In another, they facilitated a relocation of production plants abroad (Portes 2000, 257-259). This process involving the engagement of an immigrant in two or more environments and maintaining global relations due to the social networks has recently been termed 'transnationalism' (Drori, Honig and Wright 2009). In fact, the process of capital – in the form of direct corporate ventures or portfolio investment – going abroad in search of accumulation is not new. However, the theory of transnationalism has emphasized the significance of immigrant social networks fostered by technological improvements in the success of their transnational business practice (Portes 2000, 253).

Transnationalism can be conceived as an integral part of globalisation (Kelly 2003, 216-217), and advances in technology is the prerequisite for the rise of

transnational activities (Portes, Guarnizo and Landolt 1999, 233). With increasing mobility, cheap and easy travel, fast information and communications technologies, contemporary immigrants are more able to develop familial, political, economic and social relationships that promote transnational entrepreneurial activities and transnational ties (Portes 2000, 254-259). As the prevailing literature on transnationalism has focused on the American context, many cases in North America are consistent with the theory or explanation of transnationalism. Nonetheless, different scholars have asserted that transnationalism takes on different forms in other countries or continents (for example, Al-Ali and Koser 2002; Rogers 2004).

Germany is a good study case to investigate a new form of transnationalism. Since the middle of 1950s, this country has become one of the most important European destinations for migrants (Özcan and Grimbacher 2007, 1). At the end of 2008, there were approximately 6.8 million people of a foreign nationality comprising 8.2 per cent of the total population. The number of migrant entrepreneurs in Germany has remarkably increased since the 1970s, with Turks in particular have had a higher self-employment rate than other non-EU migrants (El-Cherkeh and Tolciu 2009, 4, 12-13).

Due to its highly restrictive and indifferent approach to entrepreneurship, Germany is known for its low rate of self-employment of natives and migrants (Constant, Shachmurove and Zimmermann 2003, 6). On the one hand, there have been structural barriers to establishing business- namely the harsh prerequisite for registration; on the other hand, aspiring migrant entrepreneurs have been given limited access to financial aid and counselling service (El-Cherkeh and Tolciu 2009, 17-18). Given such apathetic attitude and inflexible policies of Germany, it should have decreased the salience and visibility of the development of migrant entrepreneurship. Surprisingly, some Turks are so economically motivated that they can establish and expand their businesses at a global level in spite of their given limited prospect for entrepreneurship.

Despite the emergence of Turkish transnational entrepreneurs in Germany has been noticed, there have been limited studies on the issue. This present study is an attempt to contribute to the understanding of the transnationalism process in Germany

by investigating the variants and determinants of the transnational economic practices of Turkish entrepreneurs. It has adopted a broader perspective in order to examine the issue by highlighting the interplay of historical, political and international economic factors in the emergence of the Turkish transnational entrepreneurs.

Methodologically, the present study has employed qualitative research consisting of literature review, policy evaluation, in-depth interview and corporation report analysis. Considering the characteristics and settlement of Turkish migrants in Germany as well as the political, economic and social contexts of the lives of Turkish transnational entrepreneurs, four hypotheses have been formulated as follows:

Hypothesis 1: Turkish transnational entrepreneurs[2] have received meagre assistance from the German government.

Hypothesis 2: Turkish transnational entrepreneurs do not necessarily have strong business-related ties with Turkey or close connection with ethnic organisations in Germany.

Hypothesis 3: Turkish transnational enterprises are diverse and global.

Hypothesis 4: Turkish transnational entrepreneurs draw on great human capital.

The first hypothesis is based on the fact that Germany has been hesitant to admit that it is an immigration country. This attitude has created measures which restrict freedom and rights to occupational choice of many migrants. Simultaneously, it has made the government less receptive to the development of migrant entrepreneurship. The findings of the present study have shown that the self-employment practice of Turks in Germany has been regulated and neglected. The German government has imposed strict legal measures on the application process as well as the admittance requirements of self-employment whilst also offering very limited assistance for the self-employed. Establishing a new business is a bureaucratic

[2] Turkish transnational entrepreneurs in the study include those Turks who were born in Turkey and came to Germany in the 1960s or later, and those whose parents are Turkish, they were either born/reside in Germany or were born in Turkey but arrive in Germany and stay behind.

procedure involving the approval of permission based on citizenship and nationality. Moreover, the prerequisite for self-employment is barely met by Turkish migrants as their qualification or professional training acquired in Turkey has not been recognised by the German government.

Regarding the assistance or support provided by the German government, the findings have indicated that piecemeal programmes have been implemented to promote and assist aspiring entrepreneurs but the targets have been the unemployed. Furthermore, no cash or tax incentives have been available. Limited start-up loans and special training have been offered. However, the prejudice against the needs of migrants of the financial providers and little understanding of the functional mechanism of ethnic economies of the officials has made Turkish entrepreneurs unable to fully and equally utilise resources. Though some programmes and projects are specific for migrant entrepreneurs, they have barely provided financial aids or chances in order to build up business-related linkages with other entrepreneurs. If the nation state is a central actor in global economic management, and hence a recipe for the success of transnational enterprises (Porter 1990), Germany in this case has not played a significant part in the growth of the Turkish transnational entrepreneurship.

Regarding the second hypothesis, the findings suggest that the Turkish transnational entrepreneurs have had weak connection with Turkey or ethnic organisations in Germany, and had a minimal reliance on ethnic networks or resources in operating their companies. All Turkish transnational entrepreneurs have set up factories or assembly plants outside Turkey except those who own food import-export business. Likewise, the distribution of the subsidiaries of the Turkish transnational entrepreneurs is dispersed throughout the globe. Moreover, the majority of them are not associated with any business organisations originally from Turkey and have a low involvement in ethnic organisations in Germany.

Compared to the transnational activities in previous studies conducted in the Americas, the Turkish transnational entrepreneurs are more diverse and global. First, the types of industry of their ventures include textile, electronics, technology, entertainment, tourism and food production. Second, their clientele is worldwide covering Asia, Africa, Europe, Australia and the Americas. Furthermore, the case

study has revealed that the widespread allocation of the manufacturing plants is not at a venture but a strategy to actively respond to the globalising changes and needs of the market.

More importantly, this study has found that most Turkish transnational entrepreneurs share a common characteristic in that they have high educational attainment. Half of them are graduates or post-graduates. Many of them are bilingual or multilingual. Also, they have been the prominent members of the business organisations in Europe suggesting they have substantial managerial or entrepreneurial skills apart from professional knowledge. In sum, they possess a high level of knowledge, skills, competences that are relevant to economic activity.

To summarise, the findings convey the idea that the German government has provided limited assistance or support for the Turkish transnational entrepreneurs and the Turkish transnational entrepreneurs have not relied heavily on the ethnic networks in order to expand their ventures. What is found among the Turkish transnational entrepreneurs is that they draw on sufficient human capital to explore useful resources and exploit opportunities arising from the globalising changes in the world market, and these factors have facilitated the successful establishment of the transnational business at a global level. Compared to other transnational entrepreneurs in previous studies, Turkish transnational entrepreneurs are more able to be embedded in a broad social network of social relations between market actors in numerous countries and manage to create transnational enterprises that compete effectively with other corporations (Richter 2008, 173-174).

Last, the study points out the inadequacies of the theory of transnationalism in terms of its resilience and applicability. In contrast to the previous literature, the economic success of the Turkish transnational entrepreneurs has not been largely dependent on ties or connections with their home country. Furthermore, it clearly illustrates the varieties of the range of transnational ties by recognising the multiple ties of the Turkish transnational entrepreneurs which span different countries all over the world. In other words, a prevailing view of transnationalism that focuses exclusively on patterns of behaviour or linkages between countries of origin and settlement has reduced its applicability. This is because it has underplayed the macro

linkages among nations created by transnational entrepreneurs. Hence, it is suggested that the transnationalism process should not be interpreted only in the context of migration linking home and host societies in a single whole.

Structure of the study

The discussion is organised into seven chapters. It begins with necessary and relevant background information about international migration. Chapter Two discusses the impact of state intervention on migration, and to emphasize how the distinctiveness of the German migration process and related policy affect the settlement of the migrants. Chapter Three reviews literature on immigrant entrepreneurship highlighting the role of the host country in the development of immigrant entrepreneurship. Chapter Four analyses the globalisation processes, in order to explain and stress the relationship between global economic changes and entrepreneurial activities. Drawing upon the theory of transnationalism with an evaluation of the resilience of the theory, chapter Five describes the theoretical framework. Chapter Six investigates the formation of the Turkish transnational entrepreneurs from the transnational perspective with an emphasis on the historical, political and international institutional dimensions. Ample discussion of the findings follows in chapter Seven. Suggestions for future research are presented in the Conclusion.

Chapter One-International Migration

International migration[3] has taken place at all times and in diverse circumstances. Industrialisation resulted in massive migration in Europe and North America from 1850 to 1914 and later, in Oceania. Following the First World War however, xenophobia and economic stagnation led to a decline in both emigration and immigration. Nevertheless, migration remarkably grows in volume and changes in character after the Second World War. Specifically, labour migration was prominent in Europe during the last century; it was frequently confined to localised regions and the flows were between neighbouring countries. Since native labour force could not satisfy the demand induced by the economic recovery, the large scale foreign worker migration was dominant after the Second World War. Later the reduction of the need for manual workers and the expansion of the service industry have promoted the international migration of both skilled and highly skilled workers (Castles and Miller 1998, 42-43, 66-67, 76, 78, 92).

Between the late eighteenth and early nineteenth centuries, an immense population of workers was drawn in as replacement labour by the unleashed Industrial Revolution. Britain was the first to experience large scale labour migration. Ireland, as the closest colony, became a labour source. By 1851, there were over 700,000 Irish in Britain and they were concentrated in the textiles factories and building trades. After the Second World War, approximately 190,000 Europeans entered and worked in Britain because of the rapidly expanding economy (Castles and Miller 1998, 58).

The number of foreign workers in France also increased dramatically from 1851. The majority at this time came from Italy, Belgium. More latterly, they were from Spain and Portugal. These foreign workers carried out manual work in agriculture, mines and steelworks. Similarly, the heavy industries of the Ruhr region[4] in the middle of nineteenth century attracted agricultural workers from Eastern Prussia. Further, in 1945, temporary workers from Southern Europe were recruited in

[3] Migration, understood in general terms as the movement or process of people moving from one place to another, involving immigration (move in) and emigration (move out). Considering the scope and the focus of the thesis, this chapter largely describes the voluntary immigration in Europe from 1800 to 2000.

[4] The Ruhr region is an urban area in North Rhine-Westphalia, Germany.

order to solve the post-war labour shortage problem in both France and Germany (Castles and Miller 1998, 60-61, 68, 70).

Immigrants also played a critical role in the United States. Until the 1880s, migration was not regulated in America. The largest immigrant groups included Irish, Italian and Jewish from the Eastern Europe. Most of the Irish and Italians were employed by canal and railway companies whereas Jews were offered jobs in building construction, transport and factories. Later, annual intakes of immigrants fell as a result of restrictive legislation enacted in the 1920s. However, with the 1965 amendments to the Immigration and Nationality Act, the discriminatory quota system was removed. An upsurge in migration from Latin America and Asia was created (Castles and Miller 1998, 55-56).

For Australia, immigration has been a crucial factor in economic development and nation building. From 1788, Australia became the supplier of raw material to Britain. A large number of British were exported through convict transportation and the encouragement of free settlement. After 1945, Australia initiated a mass immigration programme for economic reason focusing on permanent settlement and family immigration (Castles and Miller 1998, 56-57, 74-75).

There has been, since the 1970s, a marked increase in the emigration of skilled workers from less industrialised countries (World Bank 2006). It has been stimulated by selective immigration policies of receiving states, for example, the former green card programme of Germany[5] and H1-B visas in the United States, both meant to temporarily hire foreign professionals in specific occupations (Duncan 2008, 259). Generally speaking, Europe, North America and Australia have obtained thousands of doctors and engineers from India, Malaysia, Hong Kong and other Asian countries since the 1980s (Castles and Miller 1998, 156-157). In addition to highly qualified migrants, an escalation in arrivals of asylum seekers from less wealthy countries as

[5] The green card programme was initiated by the CeBIT information and electronics show in 2000, and the industry association, Bundesverband Informationswirtschaft, Telekommunikation and neue Medien e.V (BITKOM) called on the German government to permit recruitment of 30,000 foreign professionals to help fill the vacancies in computer programming and engineering. BITKOM argued that it was necessary because of the shortage of qualified domestic workers. Afterwards, industry association in the fields of biotech and health also asked the government for similar programme (Klusmeyer and Papademetrious 2000, 229).

well as Eastern and Central Europe was especially found in Europe in the late 1980s and the beginning of 1990s. The latter group was caused by political instability in the former Eastern bloc countries and subsequently the collapse of communism (Collinson 1993, 117-118).

In summary, there are two main international migration waves in the past two centuries. The first was from the late nineteenth century to the beginning of the First World War when immigration was not restricted. The second started after the Second World War when mass migration kept on growing.[6] The following section will give a description of these two waves of international migration.

Overview of the international migration

Before the 1900s, international migration was largely initiated by the demand for labour and abundant supply of workers in different regions. Foreign workers were recruited to the more industrialised or modernised regions, and they mostly worked in agrarian, industrial and commercial fields (Moch 1997, 51). Following the Industrial Revolution, capitalists or industrialists became more influential in moulding economic policies. Since they were receptive to inflow of foreign labour, immigration remained unrestricted in many countries prior to the First World War (Djajić 2001, xv). For example, foreign populations were governing in Switzerland, France and Germany as a large number of foreign workers joined the agrarian, industrial and commercial labour forces in different regions of these countries. By 1910, 14.7 per cent of the Swiss population was foreign and 16.7 per cent of its labour force were foreigners. Equally, there were over one million foreign workers in Germany and France. They included Poles, Italians and Belgians in the main (Moch 1997, 51).[7]

Likewise, there was a transoceanic emigration from Europe to the Americas and Australasia before the First World War (Hatton and Williamson 2008, 395). For instance, approximately 52 million European America and Latin America between 1860 and 1914. However, with the reduced fares travelled to North and travel time, an

[6] Each wave of migration lasted for about 25 years: from 1888 to 1914 and from 1946 to 1973 respectively (Holmes 1988, 14).
[7] There were 580,000 Poles and 150,000 Italians in Germany and 419,000 Italians and 287,000 Belgians in France respectively between 1910 and 1911 (Moch 1997, 51).

estimated 45 per cent of migrants to the United States returned to Europe in the 1890s (Gould 1979, 606).

With the outbreak of the First World War in Europe, migration without state control ended. However, labour shortages soon developed. As a result, the French government set up recruitment systems for workers from North Africa, Indo-Chinese colonies and China while Britain recruited colonial workers (Castles and Miller 1998, 62). The government of the United States also initiated labour flows from Mexico and the Caribbean through wartime labour recruitment programmes (Castles 2002, 1149-1150).

As a result of economic stagnation and increasing hostility towards foreigners, international migration was less prominent between 1918 and 1945. In the United States, the Eastern and Southern Europeans were considered 'inassimilable' and 'a threat' to American values. Consequently, a series of laws was enacted to limit entries from any areas except Northwest Europe. Nonetheless, immigration to America did not come to a halt as the mass production industries of the Fordist era urged labour force. Instead of relying on the immigrants from Europe, the great demand was met by the Afro-Americans. Migration to Australia also fell during the interwar period. Immigrant ships were refused permission to land and Southern Europeans who came to Australia were treated with suspicion (Castles and Miller 1998, 62-63). However, France was the only Western European country that experienced considerable immigration in the inter-war years. This was because of the demographic deficit by war losses (Prost 1966, 538). Consequently, recruitment agreements were made with Poland, Italy and Czechoslovakia. Foreign workers were channelled into jobs in farming, construction and heavy industry. However, hostility towards foreigners became severe in the depression of the 1930s, and this led to quotas for foreign workers (Castles and Miller 1998, 63-64).

After the Second World War, migration patterns in Europe were characterised by great demand for manpower owing to the restructuring and sectoral labour shortage, caused by subsequent rapid economic growth. The indigenous labour force was not adequate for the demand because of the falling birth rates during the interwar period, and more young people stayed in school longer as well as in training for

white-collar jobs (Moch 1997, 54). Hence, there was a need for low-skilled or manual labour migration from Asia, Africa and Latin America to the Northern European countries and the United States. Four main periods can be distinguished in post-1945 migration pattern in Western and Northern Europe.

The first period witnessed the beginning of labour migration and is commonly referred to the guest worker programmes due to mass production during the post war years (Williams, Baláž and Wallace 2004, 29). The system linked specific sources to specific destinations through bilateral agreements, and was especially pronounced in Germany, France, Belgium and the Netherlands.[8] The scale of the programme and the source of workers were varied in different countries. For example, common language, currency, juridical codes and overlapping legal status between a colonizing country and its colonies have facilitated France, Britain and the Netherlands to adopt a policy of large-scale labour import the post-war period (Petras, 1981, 57).

On the other hand, the British government brought in workers from refugee camps and Italy through the European Voluntary Worker Scheme. However, migration from former colonies has been found to be more important for Britain. An inflow of approximately 350,000 Irish workers provided manual labour for industry and construction between 1946 and 1959. Similarly, although France recruited workers from Southern Europe, it underwent substantial immigration from its former colonies (Castles and Miller 1998, 68, 70, 73). For example, French textile factories looked for Algerian workers to fill the jobs that Belgians refused to occupy (Moch 1997, 54).

Apart from Europe, recruitment of low-skilled temporary migrants was adopted in North America. For instance, in the *Bracero* programme (1942-1954 in the United States), many Mexicans were recruited to work in agriculture on a short-term contract basis. New guest worker streams were also implemented in the Persian Gulf after the 1970s (Hatton and Williamson 2008, 219-220, 395). Also, Canada and Australia followed a mass immigration programme after 1945. Immigrants to Canada were principally British, German, Italian and Dutch. The initial target migrants of

[8] For details of the causes of a high level of immigration in Europe particularly in Germany and France, see Collinson (1994, 44-50).

Australia were of British origin but they gradually recruited refugees from the Baltic and Slavic countries as well as Southern and Northern Europeans as it proved impossible to attract enough number of British settlers (Castles and Miller 1998, 75).

The second period, from the middle of 1950s to the early 1960s, included a selective closure in Europe and a policy shifting from criterion based on national origins to consideration of worldwide quotas. To illustrate, strict regulations such as border controls, visa systems and deportations in Europe were induced. These measures were caused by the increased economic uncertainty and recession in Europe as well as the unexpected large inflows of family reunion and return migration (Mahroum 2001). Thus, the migration in this period comprised the moves within the European Community (EC). For example, Switzerland and France were the host countries and recruited workers mainly from Italy (Salt 1981, 134, 137).

Similarly, there were changes in the migration pattern outside Europe. First, emigration from Western Europe declined resulting from a rapid economic growth and tight labour markets. Second, the isolation of African and Asian immigrants did not gain much popularity as many African and Asian countries were becoming increasingly important trading partners.[9] Accordingly, in the United States, a ban on immigration from Asia was ended and a quota for immigrants from the Americas was introduced. The Canadian government also abolished the preference for Irish, British and Western European immigrants in 1962[10] and the White Australia Policy in Australia was brought to an end in 1973 (Hatton and Williamson 2008, 220).

The third period (the 1970s) was featured by the change of the geographical origin of labour migrants and high incidence of family migration. In the beginning of the decade, there were flows from the Mediterranean as the countries in Northwest Europe still demanded cheap labour force. However, the guest worker programme was abruptly stopped due to the 1973 oil crisis and the following economic recession

[9] Also, the growing Civil Rights movement in the United States made the racist national-origins system political unacceptable (Hatton and Williamson 2008, 220).
[10] The introduction of a non-discriminatory points system after the 1966 White Paper opened the door for non-European migrants. Thus, the main source countries in the 1970s were Jamaica, India, Portugal, the Philippines, Greece and Italy (Breton *et al*. 1990, 14-16).

(Salt 1981, 134).[11] Consequently, many Southern European labour migrants returned to their country of origin. Nevertheless, family migration was not uncommon as many workers did not return home but preferred to bring their family over. A high incidence of family reunification migration from Turkey, Morocco, Algeria and Libya took place. In addition, postcolonial migration in Portugal and the Netherlands was found during the 1970s (Jennissen 2004, 16). In brief, the number of immigrants in Europe remained static and most notably but did not rapidly decrease as expected (Moch 1997, 55).

The involuntary migration and restrictive immigration policies were pronounced[12] as many Western and Northern European countries, as well as Greece became the destinations of asylum seekers and clandestine from the latter part of 1980s to the 1990s (Jennissen 2004, 17).[13] Many of these people were from Africa, Asia and Latin America (Castles and Miller 1998, 81). Compared to other countries, West Germany experienced by far the largest inflow of asylum seekers (Jennissen 2004, 17). [14] The refugees were mainly from Turkey, Afghanistan, Pakistan, Vietnam, Chile and Argentina (Castles and Miller 1993, 106). With the growing pressure against asylum-seekers, the Basic law was amended to restrict the right of asylum in 1993 and the number of entries dropped accordingly. Similarly, the United States has been a major refugee-receiving country (Castles and Miller 1998, 89-90). For example, the fall of Saigon in 1975 caused a mass inflow of refugees from Vietnam,

[11] According to Salt (1981, 139), despite high rates of unemployment in the industrial countries and restrictive immigration policies, many foreign workers still managed to join their compatriots abroad after the oil crisis of 1973.

[12] For example, there were strict controls on primary migration from outside the EC and regulations on family immigration (Collinson 1994, 55-56). Several countries changed their policies including tightening up the refugee admission and the conditions for family reunification (Hatton and Williamson 2008, 220).

[13] The influx of asylum seekers is partly explained by the international agreements on protecting human rights such as the 1951 Geneva Convention on Refugees and the UN Declaration of Human Rights in 1948. Also, the International Convention on the Elimination of All Forms of Racial Discrimination in 1965 encouraged the protection of refugees and affirmed the primacy of the family (Hatton and Williamson 2008, 220).

[14] It has been found that West Germany was more amenable about the right of asylum (Fijalkovski 1993; Kurthen 1995). One of the reasons is that based on the Basic Law, Article 16, paragraph II, every politically persecuted individual is granted the right to asylum as one of the Basic Rights of the constitution. Also they are protected by law (Article 19) that they have access to the German courts at all levels, including the Constitutional Count. In effect, a special importance to the right to asylum was attached to the official document in 1948 and it was a symbol of the preparedness of Germany to atone for the crimes committed by the National Socialist regime: many more Jews could have been rescued if there had been nations prepared to open their borders to them. Such moral link between the asylum provision in the Federal Republic and the country's past has made an impact on the asylum policy (Marshall 2000, 15).

Laos and Cambodia (Hatton and Williamson 2008, 213). Thus, the Refugee Act changed the definition of refugees in 1980 (Borjas 1990, 33) and the President has set an annual ceiling for refugee admissions (Castles and Miller 1998, 90).

In the fourth period, the Organisation for Economic Co-operation and Development (OECD) member countries have sought to select immigrants based on their skill and education. One of the reasons is that a workforce governed by market forces has been demanded, and hence, governments have to facilitate skilled labour migration to fulfil the need (Favell and Hansen 2002, 597). For instance, Germany has shifted to admitting high-skilled permanent immigrants (Hatton and Williamson 2008, 396), therefore chancellor Schröder advocated a new system for the recruitment of foreign information technology experts in 2000 (Borkert and Bosswick 2007, 15). Equally Britain has attracted and recruited health professionals from Africa and Asia (Castles 2002, 1151).

Outside Europe, some countries have set up privileged entry systems to attract highly-skilled migration since the 1980s (Castles 2002, 1151). The Canadian points system used to regulate entries in the work-related category has included the level and type of skill, qualification and proficiency in English or French. Moreover, a new Immigration Act in 1993 has increased the entry of highly skilled workers through more stringent tests for skills and language abilities (OECD 1995, 75-76). Also, Australia and New Zealand have changed their policies in a sense that they have placed more emphasis on the education, work experience, language acquisition and age of the potential immigrants. The policies targeting immigrants in specific occupations have halted but a new category of business migrants has been added (Winklemann 2001, 6). In the United States, the 1990 Immigration Act retained the job-targeting method of rationing skill-based visas, resulting in the increased number of employment-related immigrant visas in 1990 (Hatton and Williamson 2008, 221).

To summarise, it is ascertained that migrations have played a major role in colonialism, industrialisation and the emergence of nation states. Processes and patterns of migration have been rooted in historical relationships, and shaped by political, socioeconomic and geographical factors (Castles and Miller 1998, 283). In general, three types of migration including permanent settlement migration,

temporary labour migration and refugee movement have been witnessed. Currently, the tendencies have been towards a diversification and proliferation types of flows (Castles 2002, 1151). In the European context, labour migration has been prevailing and the principal international flows have been the countries around and surrounded by Northwest Europe and the Mediterranean Sea. On the other hand, immigration as part of nation building has been significant in countries such as the United States, Canada, Australia, Argentina and Brazil. It has been suggested that migration occurs in response to specific situations in both sending and receiving countries. For example, migration from forced recruitment of labour has been greatly affected by governmental policies. However, labour can also be analysed as a movement of workers pushed by the dynamics of the transnational capitalist economy (Zolberg 1989). Considering family reunification, import of highly skilled professionals and even asylum seekers, migration in this sense posses a relative autonomy. In other words, migration is hardly a simple decision of an individual or a government (Castles and Miller 1998, 19, 22, 283), and it is not surprising that a variety of theoretical approaches explaining international migration have been found.

Causation of migration

Migration is an ongoing, dynamic process. A number of theories or models have attempted to elaborate some of its causes. For example, it has been discussed from the neo-classical economic theory, the new economics of labour migration, the dual labour market theory, the world systems theory and the migration systems theory. The neo-classical economic theory focuses on expectations of higher wages and better economic opportunities in destination countries, and suggests that the flow of labour is induced by the real wage differences between countries (Castles 2002, 1149; Öberg 1997) while dual labour market theories argues that the demand for foreign workers is due to the labour shortages at the bottom of the job hierarchy in labour markets (Piore 1979). On the other hand, new economics of labour migration theory consider income to be the determinant of international migration emphasizing migration of a household member being a way to decrease the degree of risk of insufficient household income. The world systems theory sees international migration as a consequence of global capitalism and the flows are very likely from poor nations (periphery) to rich nations

(core) (Amankwaa 1995). Lastly, migration systems theory assumes that migration is facilitated by flows of people, goods, services and information between the sending and receiving countries and it changes the social, cultural, economic and institutional conditions of both countries (de Haas 2007, 5).

(1) Neo-classical economic theory

Neo-classical economic theory is the oldest and best-known theory of international migration that has its roots developed from the laws of migration formulated by Ravenstein in the nineteenth century. Based on Ravenstein (1889, 286), bad or oppressive laws, heavy taxation, an unattractive climate, uncongenial social surroundings, and even compulsion (slave trade, transportation), all have produced and are still producing currents of migration, but none of these currents can compare in volume with that which arises from the desire inherent in most men to 'better' themselves in material respects.

This primacy of economic motivation in migration was explicitly paramount in the third quarter of the twentieth century (1951-1975) after the hectic period of mass resettlement of displaced population and adjustment to new borders that followed the Second World War. Accordingly, major contributions to migration theorising at that time came from the realm of economics. The first theory about migration which emanated from neo-classical economics is based on utility maximisation, expected net returns as well as wage differentials. It was prevailing between 1960s and 1970s (Arango 2004, 16-18).

With reference to the neo-classical economic theory, international migration is caused by geographical differences in the supply and demand for labour (Todaro and Maruszko 1987). A country with an abundant reserve of labour relative to capital will have a low wage whereas it is the opposite in other countries. Consequently, the differential in wages causes workers from the low-wage region to move to the high-wage region. Such movement ultimately leads at equilibrium because the supply of labour decreases and wages rise in the capital-scarce country while the supply of labour increases and wages fall in the country that is rich in capital (Massey 1999, 35).

At a macro level, the neo-classical economic theory suggests that the origin of migration is to be sought in disparities in wages between countries. Furthermore, migrants help contribute to the redistribution of the factors of production and to the stability between countries in the long term (Arango 2004, 18). Apart from this macroeconomic model, the theory is accompanied by the micro version that explains the reasons why individuals respond to structural differences (Todaro 1976, 1989). In this scheme, migration is the result of individual rational actors who seek to improve their well being by moving to places where the reward of their labour will be higher, in a measure sufficient to offset the costs involved. It is therefore a cost-benefit calculation (Arango 2004, 18). It also implies that migration is conceptualised as a form of investment in human capital (Sjaastad 1962).

The neo-classical theory of migration has the advantage of combining a micro perspective of individual decision making and a macro counterpart of structural dimension. Yet, it has been criticised as simplistic and incapable of coming to terms with the rapidly changing reality of international migration since the middle of 1970s (Arango 2004, 16, 18; Castles and Miller 1998, 21). The contemporary international system rarely operates in the way that individuals move freely and spontaneously to pursue their goals and maximise utility. On the contrary, there are restrictive admission policies that are used to control mobility (Arango 2004, 20).

Also, the neo-classical theory barely explains differential migration. For instance, why some countries have higher outmigration (immigration) rates than others providing they are structurally similar, and why a certain group of migrants goes to one country rather than another. The shortcoming can be partly explained by its one-dimensionality in the sense that the theory has excluded political and non-economic factors (Arango 2004, 20). In effect, both historical and contemporary migration has shown that states, for example, are crucial to initiate, shape and restrain migration flows. For instance, some states take on the role of labour recruiter on behalf of employers and permit entry when there is a need for workers. Additionally, immigration has been used as part of nation building in the United States, Canada and Australia (Castles and Miller 1998, 22).

Generally speaking, the neo-classical model is largely concerned about labour migration and can be applied to the past when barriers to immigration or emigration were less common, and mobility was frequently more unrestricted than at the present (Arango 2004, 21), for example, the voluntary migration from Europe to the United States before 1914 (Castles and Miller 1998, 23). However, labour recruitment in Western Europe has become superfluous as the processes of globalisation combined with sophisticated transportation and communication technologies have promoted international migration flows (Massey 1999, 49). Consequently, Asia, Africa and Latin America have become the major sending countries (Arango 2004, 22).

(2) New economics of labour migration

An alternative explanation of international migration - the new economics of labour migration - has developed out of neo-classical tradition and has been proffered by Oded Stark (1991). A key proposition of this approach is that migration is not made by individual actors but is a family strategy geared to maximise expected income and minimise risks such as unemployment and loss of income. In other words, migrants do not necessarily maximise income in absolute terms but rather relative to other households. Thus, the likelihood of migration grows because of the change in the incomes of other households (Massey 1999, 36-37).

Theorists of the new economics have argued that income or wage differentials are not indispensable for migration to occur. Nevertheless, chances of secure employment and opportunity for entrepreneurial activities are more decisive (Castles and Miller 1998, 22). They have highlighted the pivotal role of families and households as the determinants of migration. However, the limited applicability of the theory has aroused attention as it is applicable mainly to long-established migration contexts and it concerns itself only with the causes of migration of the sending countries (Arango 2004, 23).

(3) Dual labour market theory

In opposition to the model of new economics, dual labour market theory of Michael Piore (1979) has placed attention only to the receiving end of migration and the macro structural determinants of migration (Arango 2004, 24). According to Piore (1979),

immigration does not stem from low wages or high unemployment (push factors) in sending countries but an unavoidable need for low wage workers (pull factor) in receiving countries (Massey 1999, 37). Labour market is divided into a primary (capital-intensive) and a secondary (labour-intensive) segment. The primary segment consists of skilled workers who have a higher income and social status. Jobs at the bottom of the labour market are predominantly found in the secondary segment (Jennissen 2004, 46). The demand for inexpensive and flexible labour is caused by certain intrinsic characteristics of advanced industrial societies and economies (receiving countries) (Massey 1999, 37).

First, wages not only reflect conditions of supply and demand but they are also a sign of status and prestige that is inherent in jobs. Subsequently, wages offered by employers are not entirely free to respond to changes in the supply of workers. Rather it is more likely to correspond to the hierarchies of status and prestige that people perceive and expect. To illustrate, if employers seek to recruit skilled workers at the bottom of the hierarchy, they cannot simply raise wages because it would upset the socially defined relationship between status and remuneration. Moreover, if wages are increased at the bottom, there will be pressure to raise wages at other levels of the hierarchy. This is a problem known as 'structural inflation'. Thus, employers often choose a less expensive and more simplistic solution to labour scarcity by importing migration workers because they accept low income (Massey 1999, 37).

Second, the demand for inexpensive labour is due to the social constraints on motivation within occupational hierarchies. Motivational problems are entailed in the jobs in labour-intensive secondary segment because those unskilled jobs are often associated with low status, low upward mobility and high insecurity. These conditions make it difficult to attract local workers to fill the labour shortages in the secondary segment of a dual labour market. Alternatively, employers need workers who view bottom-level jobs simply as a means of making money. In this case, foreign workers can satisfy the demand as they are more willing to take up such jobs simply because (a) low wages in the receiving countries are usually high if compared with standards in their homeland; (b) they do not see themselves as a part of the receiving society, therefore the status and prestige abroad does not count for them (Massey 1999, 37-38).

Last, the demand for cheap labour is a declining involvement of women and young people in the labour market. Historically these two groups of people have tended to participate in the labour force. Women have sought to earn additional income for themselves or their families, and hence they are less reluctant to engage in low-wage jobs as they view the work as transient. Likewise, teenagers do not consider dead-end jobs problematic as their aims are to gain more experience, try out different occupations and earn pocket money. Therefore, they have frequently moved into and out of the labour force. However, these sources of entry-level workers have shrunk over time. For example, female work has lost its auxiliary status in favour of a career-oriented one pursued for social status and income. Also, lower fertility and longer education have diminished the availability of youngsters (Massey 1999, 39-40).

Dual labour market theory has highlighted the significance of the permanent labour demand in the economies of advanced industrial countries in relation to the occurrence of international migration. However, such explanation has drawn various criticisms. The theory posits that all migration flows are demand-driven but oversimplifies other possible factors that make people leave their home countries and work abroad. Moreover, the account applies to labour migration as it emphasizes that migration flows result primarily from recruitment practices. In recent decades most immigrants are, in fact, not inclined to fill pre-existing jobs. To be more precise, they emigrate on their own initiative. For example, immigrants create its own demand of labour by generating jobs which did not exist before they entered the host countries (Arango 2004, 25). For example, ethnic enclaves formed by immigrants have initiated a third employment sector that yields a demand for immigrant workers as they are more likely to trade low initial wages for the possibility of later mobility (Massey 1999, 38-39).

Like neo-classical theory of migration, dual labour market theory fails to elucidate differential immigration rates, for instance, the reasons why different advanced industrial economies with similar economic structures exhibit varied rates of immigration, say between Denmark or Norway on the one hand, and Switzerland or Canada on the other (Arango 2004, 25).

(4) World systems theory

In addition, world systems theory has been employed to explain international migration. The theory belongs in the historical-structural tradition that came to light in the 1960s (Arango 2004, 26). The historical-structural approach stresses the unequal distribution of economic and political power in the world in a sense that capitalist countries have forced less wealthy countries into dependency by structural conditions dictated to them.[15] This proposition has become known as 'dependency theory'. Furthermore, historical-structural theorists have linked migration to the socioeconomic relations, geographical division of labour and political mechanisms of power and domination (Massey 1999, 40-41). World systems theory shares the view of migration as a product of domination but highlights the idea that migration also stems from inequality (Arango 2004, 26).

World systems theory is based on the contention that capitalism is a historical social system. With reference to Wallerstein (1984), endless accumulation of capital has been the economic objective that has governed fundamental economic activity. In return, capitalist countries have been forced to search for new natural resources, low-cost labour and new markets. It was within this context that many capitalist countries started to colonise overseas areas (Jennissen 2004, 52). Also Wallerstein has sought to reconstruct the mechanism by which non-capitalist and pre-capitalist regions have been incorporated into the world economy. He has classified countries based on their degree of dependency on the capitalist power. Essentially, those highly dominant capitalist nations are called core nations whereas those on the periphery are the most dependent in the global marketplace (Massey 1999, 40).

The explanation of international migration has to be found in the extension from capitalist economies to non-capitalist societies. Like the historical-structural perspective, migration is driven by a desire for higher profits in which employers in core countries enter countries on the periphery in search of raw materials, labour and consumers. In the past, this market penetration was aided by colonial regimes whereas

[15] Scholars such as Saskia Sassen (1988) and Ewa Morawska (1990) have sought to explain international migration as a structural consequence of the expansion of markets within the global political hierarchy. Their propositions have not formed a coherent theory but they have put forth the historical-structural explanations of international migration and that are generally synthesized under the heading of 'world systems theory' (Massey 1999, 41).

in the present, it is assured by neo-colonial governments and multinational corporations (Massey 1999, 41).

On the whole, world system theory has recognised the importance of past and present linkages between countries at different stages of development, particularly the observation that migration often connects places that were linked by colonial bonds. In other words, it has provided a background for the study of specific migration relationships between countries (Arango 2004, 27). However, it is rather an historical generalisation and reductionist interpretation because it has assumed that all countries pass through similar processes (Padademetriou and Martin 1991, 10). Moreover, many scholars have challenged the idea that if the logic of capital is so dominant, why have migration policies been disrupted in some capitalist nations in Western Europe? This may be exemplified by a shift from labour migration to permanent settlement (Castles and Miller 1998, 23).

(5) Migration systems theory

Out of the limitations of the above approaches, migration systems theory founded by Mabogunje 1970, has attempted to undertake a comprehensive analysis of account of international migration. Migration systems theory has suggested that migration generally arises from the existence of links between sending and receiving countries in association with colonisation, political influence, trade and/or cultural ties. This can be seen as the result of the interaction of macro and micro structures linking at all levels with each other. The macro structures are institutional factors including the political economy of the world market, international relations as well as laws and policies of sending and receiving countries to control migration flows and settlement. The micro structures refer to networks, practices and beliefs of migrants. The social network is influential because it provides a better understanding of both the causation and continuation of migration (Castles and Miller 1998, 23-25).

Based on migration systems theory, networks are sets of interpersonal ties that connect migrants and non-migrants in origin and destination areas through ties of kinship, friendship and community (Massey 1999, 43-44). These informal networks increase the likelihood of migration. For instance, family, relatives and friends often provide financial aid, shelter, work and other tangible assistance. More specifically,

migration networks make the processes of settlement easier as they develop their own social and economic infrastructure such as place of worship, associations, shops and other professional service. In the long run, networks induce and facilitate subsequent moves, and hence migration continues along the established chains and encourages ethnic community formation, and is conductive to the development and maintenance of transnational ties (Castles and Miller 1998, 25-27). Nevertheless, the migration systems approach has low analytical value as it has confined itself to the identification of most stable parts of the international migration systems at a descriptive level (United Nations 1998).

The above theories have summed up complex sets of factors and interactions that lead to international migration. For instance, the theories of neo-classical economics and new economics of labour are more likely to focus on the motivation of potential migrants. The dual labour market theory describes why advanced industrial countries attract migrants while the world systems theory elaborates on the emigration from less industrialised countries. Finally, the migration systems theory deals with the linkages between areas of origin and destination. All these theories no doubt play some role in explaining the patterns and processes of migration, and different models are more relevant to accounting for individual features or migration flows (Massey 1999, 50).

No single theory, however, is sufficient to explain all aspects of the process of migration. To illustrate, the neo-classical economic theory cannot explain why most Turks have migrated to Germany not France. It is note-worthy that the opposite applies to Algerians. Curiously, the migration systems theory has suggested that migration flows are frequently supported by connections and links among countries. Thus, the Algerian migration to France but not to Germany is explained by the French colonial power in Algeria while the concentration of Turkish in Germany is the consequence of direct labour recruitment by the German government in the 1960s (Castles and Miller 1998, 24, 27). Similarly, the mass refugee inflow of former Yugoslavs to Germany is related to migration chain as suggested by migration systems theory that the refugees chose to join the compatriots who had migrated to Germany twenty years earlier as workers. Both dual labour market theory and world systems theory can give an account of the labour migration during the economic

prosperity in Western Europe after the Second World War. The former theory places an emphasis on demand (for example, the infrastructure projects in the industrialised nation) and supply (the availability of labour in less industrialised nations). The latter asserts that as capitalism has expanded outward from its core in Western Europe (Massey 1999, 41), the recruitment of labour is the domination forged between the core economics of capitalism (Germany) and its periphery regions (Southern European and Mediterranean countries) (Castles and Miller 1998, 23, 27).

To conclude, migration is so ever-changing that it will be more helpful if various theories are understood as mutually complementary (Massey 1999, 47-50) as many theories are useful to explain a facet or a particular feature (Arango 2004, 32). However, it is worthy to note that most of the existing theories have downplayed the cultural determinant. They tend to treat migrants as if they were homogenous and ignore the significance of culture in the decision of migrating to another country (Arango 2004, 21). Apart from these, contemporary theories of international migration have taken little notice of the political consideration and state intervention in shaping the migration flows (Zolberg 1989), namely the interests and behaviour of governments in regions of origin (Massey 1999, 50). For example, they have overlooked the fact that the selectivity of migration can be explained more in terms of legal entitlements such as family reunion and asylum, and immigration can be regarded as part of nation building, for instance, in the United States, Canada and Australia (Castles and Miller 1998, 22).

In order to put the present study into context, the following chapter will account for the relevance of the political dimensions in shaping the development and consequences of migration by presenting three case studies. The focus lies in the impact of national admission requirement and settlement restrictions on the selectivity, processes and patterns of migration in different countries.

Chapter Two-The migration process in Germany, Britain and the United States

The previous chapter has indicated that migration is caused by a series of intertwined and dynamic factors. Apart from the economic rationales, state intervention is becoming a prime factor in explaining migration patterns and consequences (Davis 1988, 259). This chapter will illustrate how varied the outcomes of immigrant adaptation are in different regions of the world due to the complex political contexts.

A comparison of Germany, Britain[16] and the United States is made in this chapter. These three countries have been chosen because they represent distinct types of nationhood. Germany is the classic type of ethnic nation imposing rigid restrictions on entry of new members whereas the United States is the classic settler nation that has welcomed and recruited new permanent members in order to build up the nation. Britain is somewhere in between of them, and it has resulted in a population of multiple ethnicities by going through a postcolonial regime that integrates immigrants from former colonial regions. The immigration experience of these countries is also dissimilar. The United States has recurrently opened itself to immigration to become a non-ethnic, universal 'new nation'. For Germany and Britain, however, immigration is considered a non-recurrent event that is unlikely to be repeated (Joppke 1999, 8-9). The discussion is by no means an exhaustive report[17] but points out the specific role of government in determining the different sources and outcomes of immigration. Moreover, it mainly discusses immigration to Germany, Britain and the United States from 1900 to 1980, and its focus is on individuals who paid their own way, rather than illegal immigrants, refugees or slaves.

Germany

In the European context, labour migration was prevalent for some time before the nineteenth century (Vasta 2006, 232). Correspondingly, one of the sources of migration in Germany is from migrant workers. Germany started recruiting

[16] Britain or the United Kingdom here consists of England, Scotland, Wales and Northern Ireland.
[17] A comprehensive account of the migration of Germany is included in Chapter Six.

agricultural workers from Eastern Prussia[18] since the establishment of the heavy industries in Ruhr region in the 1850s.[19] Apart from the Poles, foreign labour from Italy, Belgium and the Netherlands played a significant in the German industrialisation (Castles and Miller 1998, 60).

After the First World War broke out in 1914, a policy of forced and exploited labour was implemented. For example, the Ukraine, Finland and Rumania were forced to accept agreements on the recruitment of labour incorporating in the peace and commercial treaties in 1918 (Bade 1985, 135; Elsner 1985, 191-208). After this war, foreign workers were still in great demand as the Federal Republic of Germany (FRG)[20] was undergoing a period of rapid economic growth. The high demand was satisfied by millions of refugees and expellees of German decent from East and Central Europe,[21] as well as returning German prisoners in the post-war period (Bade 1983, 59-60). In addition, the migration from East to West Germany served as a major source of manpower up to the erection of the Berlin Wall (Dowty 1987, 122-123).[22] However, in the middle of the 1950s, low-skilled workers were greatly required first due to the rapid industrial expansion and the shift to new methods of mass production (Castles and Miller 1998, 71). [23] Second the low birth rate and the increasing reluctance of nationals to take up certain jobs cut down the local labour supply (Rist 1979; O'Loughlin 1980). Consequently, bilateral agreements on labour recruitment were made with Italy, Spain, Greece, Turkey, Portugal and Yugoslavia (Booth 1992,

[18] Those workers were of Polish ethnic background but had Prussian citizenship because Poland was divided into Prussia, the Austro-Hungarian Empire and Russia at that time (Dohse 1981, 33-83).
[19] In the 19th century, the use of coal as a power source grew, and hence many industries chose to locate near coalmines in order to minimise the costs of production. Consequently a new set of industrial towns were created (for example, Ruhr) and their demand for labour could not met by the natural population growth (Baines 1994, 37).
[20] After the Second World War, the territory of Germany and Berlin were partitioned by the Allies into four military occupation zones. The western sectors controlled by France, the United Kingdom and the United States, were merged in 1949 to form the Federal Republic of Germany while the Soviet Zone became the German Democratic Republic.
[21] The major inflow of refugees and expellees was from the territories lost by Germany in 1945 and the areas that became the German Democratic Republic (GDR) (Vasta 2006, 233). During the final months of the Second World War, more than 19 million of refugees and expellees from Europe came to Germany, about 15 million were in the FRC, and more than four million were in the GDR (von Platio and Meinicke 1991). Apart from these, there were war refugees from the break-up of Yugoslavia (Vasta 2006, 235).
[22] Since East German authorities failed to prevent people from leaving, they built the Berlin Wall on 13 August 1961 (Collinson, 1993, 40). Before the construction of the Berlin Wall 4.5 million of inhabitants of the GDR moved to the FRG (Koopmans 1999, 627).
[23] An increasing demand for labour was also partly due to the rearmament and the formation of the German armed force in 1956 (Borkert and Bosswick 2007, 4).

110). Nevertheless, many of the migrant workers were not granted citizenship no matter how long they had resided in Germany.

'Blood' was a label for ethnicity in Germany. This means that a person could only obtain German nationality by being born into the German community. Today German citizenship is still based on *ius sanguinis* (law of the blood) (Castles and Miller 1993, 115-116). Thus, foreign workers and their families as well as non-German refugees were not granted German citizenship but provided with naturalisation entitlements (Bommes 1995, 125). Later in the late 1990s, the Social Democrat/Green coalition (1998-2005), introduced *ius soli* (the law of the birthplace/soil) to children of foreigners born in Germany. However the proposal was rejected by the opposition party (Borkert and Bosswick 2007, 13-14). Eventually, children of immigrants born in Germany have been automatically German nationals at birth but have to give up the nationality of their parent at the age of maturity (Marshall 2000, 13).

With the incident of oil crisis, the Federal government banned all further recruitment of workers from non-European Economic Community (EEC) countries in 1973, and the voluntary repatriation was introduced (Booth 1992, 111; Heckmann 1995). A remarkable drop in the proportion of workforce was immediately witnessed but many migrant workers refused to leave the country for fear of being denied re-entry. They even began to bring their families to join them. This ultimately led to an upsurge in family union (Hollifield 1997, 36-37; Moch 1992, 186). Among the migrant workers who chose to stay, Turks were the largest group (Bade 1985, 138).

Most migrant workers in Germany were recruited by government agencies between 1955 and 1973. In order to avoid permanent immigration, Germany adopted a selection of immigrants with low skill levels. Moreover, no training was provided by employers as workers were assigned and restricted to mostly un- or semi-skilled jobs (Bender and Seifert 1998, 99). Accordingly, most of them were employed in sectors of agriculture, mining and construction (El-Cherkeh and Tolciu 2009, 5). Specifically, Turkish migrants have been found in the lowest segment of the labour market (Bender and Seifert 1998, 99).

Self-employment among immigrants has been growing in Germany in recent decades. The number of migrant entrepreneurs increased from 56,000 to 245,000 between 1975 and 2000 (Özcan and Seifert 2003). As the biggest minority group in Germany, Turks are the most represented in the category of self-employment (Pécoud 2001, 4). During the period of 1985 and 2000, the number of Turkish entrepreneurs rose from 22,000 to 59,500 (Tümbas 2003). The total investment volume was DM 3.8 billion in 1985 to DM 13.6 billion in 2000 while the total annual sales increased from DM 17.2 billion to DM 55.7 billion over the same period of time (Mushaben 2006, 217). For example, the wholesale/retail trade in foodstuff as well as catering has been dominant in Berlin since the 1980s (Blaschke and Ersöz 1986, 39, 44). Specially, the *Döner* sellers have become the producers and distributors (Tümbas 2003).[24]

Britain

Britain has been a multi-racial society. It can be demonstrated by the fact that immigrants[25] constantly made their way from other parts of Europe, and the long history of the presence of Asian and black seamen in dockland communities.[26] Chronologically, the chief immigrant groupings in Britain consisted of Irish, Jews and Germans before the First World War. Moreover, there were smaller European groups including Italians and French people (Panayi 2003, 29-30). Considerable settlement of foreign communities was also witnessed in the latter half of the nineteenth century, and they were mainly transient seamen from Africa, the Indian sub-continent, China, the Middle East and the Caribbean.[27] This was fostered by the large scale expansion

[24] It is worthy to note that there has been a lack of substantial studies on the role, functioning and impact of migrant enterprises by both public authorities and academics in Germany. One of the reasons is the constraints on data gathering. In general, information on flows, number and status of migrants in Germany has not been explicitly collected. It is because there is no specific body in charge of migration and the legal framework on data collection. In consequence, studies on migrants in Germany are basically incomplete or incomprehensive (El-Cherkeh and Tolciu 2009, 11-12, 29-30).

[25] People of Asian, Mediterranean or Caribbean descent are referred to 'ethnic minorities' among British academics due to the negative notions attached to 'immigrant' (Rath 2002a, 23). However, considering the common usage of the term and the consistency, 'immigrant' is used throughout the chapter.

[26] Basically, unrestricted immigration to Britain was permitted before the 1880s, only a series of Alien Acts in operation between 1793 and 1826 allowed the government to screen aliens on arrival, to order them to reside in certain places, and to deport them (Fahrmeir 2003. 45, 48).

[27] For example, sailors from the Indian, West Africa and the Middle East were employed as coal trimmers, cooks and stewards (Spencer 1997, 5).

of the British shipping industry that provided a large and rapid increase in maritime employment opportunities. However, laws and measures prohibited the sailors from permanent residence in Britain.[28]

In the 1920s, a phase of permanent Indian population began with the arrival of small number of male Indians from Nakodar and Jagraon (both in Punjab) looking for job opportunities.[29] Similarly, the settled Asian and black communities,[30] occupationally related to the sea, entered Britain but their population remained small until the outbreak of the First World War. Their entry was stimulated by recruitment of merchant mariners to the expanded Royal Navy, and the requisitioning of ships with black crews for government work. Contrarily, men were brought from the colonies to work in munitions and chemical factories in Manchester and other places (Spencer 1997, 1-8).

During the interwar period, little immigration was found as strict controls were imposed between 1919 and 1920 (Panayi 2003, 31). Nevertheless, the demand for sailors had begun to increase because of the Second World War. Thus, Asian and black immigrants were needed again for the purpose of defence. Temporary residence to help with the war was acceptable, and even welcomed. As a result, ethnic groups including Indian (Punjabi and Gujarati), Bangladeshi, Pakistani, West Indians, West African and Chinese shifted from small-scale, largely transitory, to a more substantial and permanent position (Spencer 1997, 13-14).[31]

[28] For example, the 1823 Merchant Shipping Act made ship owners liable to a fine if their foreign sailors were left in the British ports, and employers were obliged to repatriate the sailors to the original port of embarkation (Spencer 1997, 5).

[29] The Indian sailors concentrated in Glasgow at the end of the First World War but unable to find employment on east-bound liners, so they were forced to work in the local iron and steel industry. Some of them were soldiers who had served in Europe in the First World War, others were friends and relatives of seamen who were familiar with Britain (Spencer 1997, 6-7).

[30] The Asian and black communities/population here refer to those from the Commonwealth who had rights and privileges in the United Kingdom. In theory, they were British subjects and were free to enter the United Kingdom. However, evidence indicated that the British government continuously intended to make it difficult for them to enter or settle in the United Kingdom (Spencer 1997, 21, 143). For the detailed migration process and demographic development of the Asian and black communities, see Booth (1992, 15-60).

[31] For example, during the Second World War, Indian sailors were recruited into the wartime Royal Navy and at the same time many of them took the job available in factories in industrial towns (Spencer 1997, 15).

After the Second World War, Britain experienced a labour shortage. It was solved by a number of workers from the Eastern Europe who volunteered to work in the country with short term work permits (Foot 1965). Also, the migrant labour in post-war Britain from the Commonwealth such as the West Indies, India and Pakistan helped fill the gap. Finally, nearly 500,000 Commonwealth citizens settled in Britain during the 1955-1962 and were later joined by their relatives. Similar to the situation in Germany, the British government decided to control Commonwealth immigration to Britain and implemented restrictive legislation and regulations until the 1970s.[32]

The first post-war legislation on immigration has been critical to the immigrants in Britain. The British Nationality Act of 1948, for the first time, discerned a distinctive British citizenship by defining five categories of British subjects.[33] Later, the British Nationality Act of 1981 directly addressed and defined the question of British citizenship. It formalised the changes in entry requirements for Commonwealth citizens, and created a single category of British citizenship that gave all citizens the right to enter and live in the country. However, at the same time, it modified the rules of *jus solis* by narrowing the privilege of automatic citizenship to those children who were born in the United Kingdom of a British parent or of non-British parents legally settled in the country (formerly the United Kingdom and the Commonwealth).[34] Apparently, the 1981 Act, like previous legislations, was driven by considerations of expanding instruments of ancestral connection (*jus sanguinis*), and hence, its primary objective was to withdraw citizenship rights and restrict them to those who were born in the United Kingdom and to their direct descendants (Schain 2008, 129, 134-135).

[32] The legislation included the 1962 Commonwealth Immigrants Act, the 1965 restriction of the number of employment vouchers, the 1968 Commonwealth Immigrants Act and the 1971 Immigrant Act (Meyers 2004, 70).

[33] The five categories included (a) citizens of the United Kingdom and colonies, (b) citizens of independent Commonwealth countries, (c) Irish British subjects, (d) British protected persons who were aliens and (e) aliens. The Act mainly defined an open subjectship focusing on the right of entry but did not clearly differentiate between the concepts of subjectship and citizenship. Until the 1980s, the legislations largely reiterated the privileged states of citizens of the United Kingdom except the Immigrant Act of 1971 stressed that all of the Commonwealth immigrants could have dual citizenship. The first two enjoyed right to enter, work and vote in the United Kingdom and stand for Parliament. The third allowed Irish to retain their status as it was anticipated that the movement of the Irish Republic would become fully independent. The fourth category was meant to protect British settlers in other countries (Schain 2008, 129-134).

[34] For details of legislation on immigration and citizenship in Britain from the 1900s to 2000s, see Schain (2008, Chapter Five and Chapter Six).

Concerning the mass economic immigration in Britain, the labour market position of different immigrants has been varied. Pakistani and Bangladeshi have had a high unemployment rate. More of them are paid workers in routine and semi-routine occupations[35] compared to Indian and Chinese populations. Caribbean, Pakistanis and Bangladeshi have been among the least likely to be employed in managerial and professional occupations. Of all immigrants, the employment rates of Indians and Chinese have been on average, close to the White Britons[36] equivalents. Chinese immigrants have been the only population to take up a higher proportion of managerial and professional occupations than natives, with fewer in semi-routine and routine occupations. Indian, African and Caribbean have had a balance between the two groups of occupations. Pakistani and Chinese immigrants have had the highest proportion of small employers and self-employed workers. Moreover, Caribbean and African have been found more than other populations to be in the public sector like health and education department. On the other hand, more Chinese have engaged in hotels, transportation and communication industry while Pakistani have been the only ethnic minority group that is more likely to work in manufacturing (Simpson *et al.* 2006, 10-12, 48, 84-85). [37]

The number of ethnic minority-owned businesses has grown rapidly in the United Kingdom since the 1980s (NatWest 2000). Immigrants are estimated to be responsible for about 10 per cent of business start-up cost (Bank of England 1999) comprising approximately 6.4 per cent of the total population of Britain (Office for National Statistics 1999). For example, South Asians have widely established in manufacturing and in the service sector particularly in retailing and catering (Barrett, Jones and McEvoy 1996; Ram and Jones 1998). Also Indian, Pakistani and Bangladeshi have been represented in self-employment (Labour Market Trends 1999).

[35] Workers are divided in five categories including (a) Managerial and professional, (b) Intermediate, (c) Small employers and own-account workers, (d) Lower supervisory and technical workers, and (e) semi-routine and routine workers (Simpson *et al.* 2006, 84).
[36] 'White Britons' here mean British who belong to a white ethnicity indigenous to Great Britain (Simpson *et al.* (2006, 28).
[37] The employment and social economic class indicators in the survey are analysed separated by gender. The information outlined here refers to males only.

The United States

Like Britain, the American government did not intend to control, regulate or even monitor the flow of immigrants into the country throughout the nineteenth century (Schain 2008, 208).[38] Before 1881, the majority of immigrants arrived from the Northwest Europe such as Britain, Ireland, Germany and Scandinavia while immigrants from Central, Eastern and Southern Europe increased subsequently. This was explained by the fact that the countries of Northwest Europe were the first to experience rapid population growth and industrialization, and followed by other countries in Europe. With the invention of steamships, immigrant volume peaked at the beginning of the twentieth century.[39] Generally speaking, throughout the 1800s, European immigrants were dominant as it was upheld by the Chinese Exclusion Act of 1882[40] and the Literacy test law in 1917 (Cohn 2010).[41]

With the establishment of quotas through the 1920s, immigration rate fell between 1931 and 1946 (and continuously rose through the 1980s and 1990s). The Quota Act of 1921[42] limited the number of immigrants from Europe and Asia. For instance, the quota of the European countries was approximately 350,000[43] per year but assigned Asian countries quotas near zero (Cohn 2010). However, the rapid mobilization and the expansion of the Second World War created manpower shortages. Thus, temporary migrant workers were recruited (Meyers 2004, 39). A guest worker agreement with Mexico was signed in which the Mexican contract

[38] Between 1776 and 1850, the United States welcomed newcomers to its shore to construct the railroads and defend the country against temporary economic downturns. Also, the Civil War (1861-1865) generated demand for immigrants to work in the war industries and agriculture, and to replace workers who were at war (Meyers 2004, 28, 30).

[39] The steamship not only reduced the length of the trip, but also increased safety when compared with sailing ships (Cohn 2010)

[40] According to the Act, the entry of Chinese workers was suspended for ten years and all foreign-born Chinese were not allowed to acquire citizenship. In fact, there was anti-immigration movement in the 1850s targeting Chinese in California although they consisted of only a small part of total immigration to the United States (Meyers 2004, 29, 31).

[41] Prospective immigrants were required to read and write a short passage for admissions to the United States. The test affected most heavily on immigrants from the southern, central Europe as well as Asia (Meyers 2004, 33-34).

[42] The restrictions imposed by 1921 Quota Act was broadened by the Great Depression (1929-the outbreak of the Second World War), and the impact on Mexican and Filipino was apparent (Meyers 2004, 36-38).

[43] The quotas were established in direct proportion to the presence of each country in the United States population in 1910. In 1924, the National Origins Act required that visas must be obtained from an American consulate abroad before immigrating (Cohn 2010).

workers came to work in the United States for limited periods. Similar contract labour agreements were made with a number of Caribbean countries. The system remained stable until the middle of 1950s. Nevertheless, both legal and illegal immigration for settlement from Mexico began to accelerate (Schain 2008, 212-213). Since the 1960s, immigration from Europe was replaced by a vast majority of immigrants from Asia, Latin America and the Caribbean (Min and Bozorgmehr 2003, 18). Such change was encouraged by the Immigration and Nationality Act of 1965[44] as the Act abolished quota system based on national origins. Correspondingly, Asia has become an important source of American immigrants ever since (Cohn 2010).

The American citizenship can be acquired in three ways. First and the most common way is the citizenship by birth in the United States and that reflects the Anglo-American tradition of *jus soli*. The second route is through naturalisation.[45] Finally, applying for citizenship can be through descent from one or more American parents. The principle of *jus sanguinis* is codified in the statute.[46] Additionally, plural citizenships are common in the United States due to the combination of the American *jus soli* rule with the various *jus sanguinis* rules of other countries (Schuck 1998, 201-202).

Historically, Chinese and Japanese immigrants were excluded both the entry and the naturalisation according to the Chinese Exclusion Act of 1882. Nonetheless, as *jus solis* has applied, all Asians born in the United States were American citizens at birth (Schain 2008, 228). The role of the American government in shaping the national approach to multiculturalism is the anti-discrimination effort initiated by the Civil Rights Act of 1964. Also, based on the rules developed by the Equal Opportunity Employment Commission in 1965, employers were required to file annual reports - not only about the race of their employees, but also about their sex

[44] It is suggested that the replacement for the national origins quota system by the Nationality and Immigration Act of 1965 was influenced by the civil rights movement (Meyers 2004, 43). Although some features of the 1965 law have been modified since it was enacted, the law still serves as the basis for the American immigration policy today (Cohn 2010).

[45] To naturalise, a legal permanent resident must have resided in the United States with that status for at least five years, and demonstrate a basic knowledge of the American government and history. Spouses of American citizens can naturalise after only three years and children who immigrate with their parents can be naturalised when their parents naturalise (Schuck 1998, 201).

[46] For example, a child born outside the United States of two citizen parents is a citizen if one of the parents resided in the United States prior to the birth of the child (Schuck 1998, 201).

and ethnicity. These rules provided the basis for the promotion of the employment rights of diverse groups including immigrants (Blumrosen and Blumrosen 2006, 4).[47]

In comparison to Germany or Britain, the United States has opened its borders to immigrants but has not officially recruited workers for employment. Immigration was regarded as a result of a self-selection process assuming that only the best and motivated workers would come to the country (Chiswick 1978). In 1960, three-quarters of people defined as 'foreign' born in the United States were of European origin and with relatively high qualifications. However, the average level of education decreased as a result of the lower share of well-educated European. Hence, the patterns of immigrant integration in the United States have been mixed (Bender and Seifert 1998, 98). Hispanics and Cubans tend to be economically successful within a short time after arrival (Portes and Jensen 1989). However, Mexicans, as the most important immigrant group, have found low wage employment in agriculture, railroads and mining (Martin and Midgley 1994). With the exception of Japanese immigrants, Asian immigrants have had a lower household income than non-Hispanic whites, nonetheless, on average they have been in a more favourable position than Mexican immigrants (Lee and Edmonston 1994).

According to Light and Roach (1996), the self-employment rates of most immigrant groups in the United States significantly increased from 1970 to 1990. To illustrate, the Cuban immigrant entrepreneurs in Miami have engaged in retail and wholesale trade, manufacturing, construction and real estate services (Portes and Bach 1985, 205-208). Chinese immigrants in New York have been concentrated in garment subcontracting, restaurants and gift shops (Kwong 1987; Zhou 1992). For those who have higher educational levels such as Taiwanese, Indian and Iranian immigrants, they have been engaged in professional businesses like medical and engineering services (Tseng 1995). In particular, many Taiwanese and Indians have developed businesses based on innovative technology in Silicon Valley (Saxenian 1999). [48]

[47] For details of legislation on immigration and citizenship in the United States from 1700s to 2000s, see Schain (2008, Chapter Eight and Chapter Nine).
[48] Silicon Valley is in the southern part of the San Francisco Bay Area in Northern California in the United States. The region is home to many technology corporations.

In summary, first, three countries exhibit parallels and variations in the significance of migration. Both the United States and Germany are immigrant-receiving countries but their responses have been remarkably different. The former has acknowledged the reality of immigration and treated it in a liberal way (Reimers 1985; Samuel 1994). However, the latter has denied immigration and has not officially recognised it as a matter of fact. Thus, in Germany, there are laws about residency of foreigners and legislation on ethnic Germans but no immigration law regulates admission, quotas or related issues (Bender and Seifert 1998, 99-100). Based on Schmitter-Heisler (1998, 91), the United States is a typical immigration country where policies and laws are generally prone to welcome immigrants. For example, it allows immigrants to acquire their respective citizenship. Such strategy enables immigrants to melt with the existing population into a common whole (Schmidt 1994, 10). In contrast, Germany is identified as a non-immigration country and has made naturalisation difficult. Britain, on the one hand has had a great desire for zero-immigration, it has built a liberal regime by affirming freedom of migration within the Commonwealth on the other.[49] Since the logic of British immigration policy is determined by the devolution of empire, policy on the entry and settlement of the former subjects of empire has been restrictive (Joppke 1999, 100).

Second, based on various attitudes toward immigration, legal framework and government policy regulating immigrants have been diverse. The aforementioned nations have expressed the concept of citizenship differently. Since Germany has perpetuated the long-standing tradition of citizenship by blood, citizenship has been withheld from immigrants. However, as there is a pressing and unstoppable trend from citizenship by descent to territorial citizenship, Germany has been struggling with the meaning of national citizenship. In Britain, nevertheless, post-war immigrants from the Commonwealth arrived with quasi-citizenship (as subjects of the Crown). Therefore, citizenship acquisition or non-citizen membership has not been hardly problematic but was narrowed down and manipulated to control immigration. In the United States, the anti-discriminatory culture of civil rights has almost

[49] Another example of British's relatively liberal regime is its reluctance to allow race to become a dominant factor of immigration policy in the 1920s and 1930s (Fahrmeir 2003, 45). For details on the process of how Britain has tried to halt the implementation of the race-based immigration policies, see Fahrmeir (2003, 50-53).

equalised the status of permanent resident 'foreigners' to that of 'citizens' (Joppke 1999, 10-11).

Third, all three countries have established distinct immigration regimes, and that has led to different composition and characteristics of immigrants. Germany has experienced a guest worker regime recruiting temporary labour migrants while Britain has gone through a postcolonial regime with an inflow of immigrants from former colonies. However, a settler regime has been undertaken in the United States as the country has recurrently recruited permanent residents (Joppke 1999, 8). In both Germany and the United States, many immigrants were compelled to begin and remain in low-skilled jobs. However, the situation of the immigrants in the British labour market was mixed with particular ethnic minority groups concentrating in manufacturing sector.

In brief, the above discussion has highlighted the essential role of nation state in determining the causes, forms and processes of migration before the 1980s. Given the heterogeneity and complexity of migration, various theories in the last chapter have helped explain the causes of migration in Germany, Britain and the United States as they have addressed economic dimension (in the case of Germany), colonial history (in the case of Britain), demographic structures (in the case of the United States) as well as political and social conditions. However, the migration theories have focused only on the causes of migration but provided limited understanding of the salient feature or consequence of migration such as immigrant incorporation (Arango 2004, 31-33). With reference to the above observation, many immigrants have been seen to be concentrated predominantly at the bottom of the employment hierarchy in the labour market. Nevertheless, some are able to set up their own businesses and achieve upward social mobility. To illustrate, an increasing propensity to start an enterprise by immigrants has been observed above in three industrial democracies during the 1970s/1980s (for example, Light and Bonacich 1988; Waldinger *et al*. 1990).[50] A close scrutiny reveals that the economic contribution of immigrants is remarkable. For example, Turkish-owned businesses generated 700,000

[50] The comparisons of the immigrant entrepreneurship or self-employment among different groups in this chapter are for reference only. There are difficulties in collecting the relevant and accurate data as the definitions of self-employment vary considerably from one country to country.

jobs in 1991, recorded sales of DM 25 billion and invested DM 6 million in Germany. In fact, the bifurcation in the immigrant labour market with a growth in immigrant entrepreneurship since the 1980s is not merely a coincidence (Castles and Miller 1998, 180), and there have been various theories pertaining to the factors of immigrant entrepreneurship. The next chapter will elaborate and access the pertinent theories in detail.

Chapter Three-Immigrant Entrepreneurship

Having reviewed the motives and patterns of migration in three vastly different countries, this chapter deals with the outcome of immigration, immigrant economic adaptation in particular. With respect to the significant economic achievement of immigrants in different countries, indications are that immigrant entrepreneurship is not simply a matter of historical interest or a regional concern (Waldinger, Aldrich and Ward 1990, 13). In effect, the phenomenon is more diverse and distinctive meaning has been initiated by varied ethnic resources of immigrant groups but simultaneously it has been politically constructed by individual policy of different countries. Accordingly, abundant literature has attempted to examine the significance and complexity of the relationship between immigrant enterprise and host societies.

The rise of immigrant entrepreneurship[51] has drawn public attention as early as 1970 (Kloosterman and Rath 2003, 3), and this has been viewed as one way to which immigrants actively respond to high levels unemployment rates (Mushaben 2006, 209; Waldinger, Aldrich and Ward 1990, 13-16). The unemployment was caused by structural factors [52] and augmented by discrimination and economic

[51] Entrepreneurship is the practice of being an entrepreneur. With reference to Schumpeter (1943, 132), an entrepreneur is a person who introduces innovations to invent new products or improve the old products by exploiting new technology, new resources, and creating new outlets. According to Aldich and Waldinger (1990, 112-113), there is no useful or convincing distinction between entrepreneurs and self-employed or owners. It is reasonable to assume that entrepreneurs are self-employed but the self-employed may not be entrepreneurs. Immigrant and ethnic entrepreneurs are often interchangeable. According to Waldinger, Aldrich and Ward (1990, 3), ethnic entrepreneurship can be defined as a set of connections and interaction among people showing common national background or migration experiences. However, immigrant entrepreneurs are not always ethnically described or defined (Chaganti and Greene 2002, 127-128). Taking the wider applicability of the term into account, immigrant entrepreneurship and immigrant entrepreneur are used in this study.

[52] The labour market segmentation is one of the examples of structural factor, meaning male immigrants predominantly work in manufacturing like car assembly and construction sites. Females are

restructuring (Castles and Miller 1993, 109). For example, the number of low-skilled manual jobs in manufacturing declined due to automation, computerisation and outsourcing[53] in advanced industrial countries (Rekers and van Kempen 2000, 59-60). [54] Also, the qualifications of immigrants are not recognised by prejudice and institutional barriers (Castles and Miller 1993, 108-109). As the international organisation of the economy shift, production may be located to other parts of the world (Kloosterman 2000, 97). All these have led to redundancies among disadvantaged minorities and resulted in the losing of their jobs (Rekers and van Kempen 2000, 59).

Apart from the push factors, Sassen (2001) has specifically emphasized the role of structural forces in pulling immigrants into self-employment. The growth of service economy accompanied by the decline of manufacturing industries has generated a demand for low-end activities, and that is fulfilled by outsourcing.[55] However, simultaneously, it has created opportunities for small-sized, labour-intensive production in manufacturing with high flexibility, and such expansion serves as a magnet for immigrant enterprises or firms.

Clearly, immigrant entrepreneurship is the outcome of various processes and forces (Kloosterman and Rath 2003, 7). Therefore, it is not surprising that it has been an important research area in many parts of the world in the last two decades. For instance, there has been increasingly amount of research on ethnic business among immigrant groups in North America (for example, Langlois and Razin 1989; Light and Bonacich 1988; Light and Rosenstein 1995; Portes and Bach 1985; Waldinger 1986b). The topic has grown in popularity first observed in the United States. It has

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in clothing, textiles and food processing. Once workers are engaged into such positions in the labour market, they find it difficult to gain education or training for promotion (Castles and Miller 1993, 118).

[53] Outsourcing refers activities are externalised and then provided by a third party (Doogan 2009, 78).

[54] To illustrate, with the shift from goods processing to information processing and service provision, employment opportunities for unskilled or semi-skilled labours have been reduced. For example, in the northern industrial belt of America and cities in Rhine-Ruhr and Saar regions of Germany, blue-collar jobs have been severely declined and replaced by white-collar service due to the economic transformation since the 1970s. This change has made lots of minorities and immigrants lost their jobs as most of them lack skills and knowledge to adapt to new service roles in advanced market economies (Kasarda, Friedrichs and Ehlers 1992, 250-251, 271).

[55] Outsourcing as a means of reducing cost takes in not only material goods, but also services and skills (Drucker 1993, 84-86)

set many of the parameters for subsequent research in British[56] and Europe (Barrett, Jones and McEvoy 1996, 789).

There is a variety of theories that explain the historical development of, and the reason for immigrants in business. The following discussion, however, will concentrate on the middleman minority, enclave economy, opportunity structure and mixed embeddedness approach. The first two are two long-standing models of ethnic minority business in the United States (McEvoy and Hafeez 2009) whereas the last two are the more recent and widely applied models of the development of new ventures of immigrants.[57]

Literature review on immigrant entrepreneurship

(1) The middleman minority

Prior to the 1970s, there was research identifying business success of immigrant groups as a 'middleman minority' phenomenon. The term 'middleman' is attributed to the work of Hubert Blalock (1967). It refers to some minority groups who have developed enterprises that are located within the 'middle' of the economic system. For example, they concentrate in trade and commerce as agents, labour contractors and brokers. The initial hypothesis suggests that middleman minorities begin as sojourners, have no desire to settle permanently and tend to choose profitable and liquefiable livelihoods (Waldinger 1986a, 253). Thus, the country of destination is primarily viewed as a means of making money (Barrett, Jones and McEvoy 1996, 789). Such orientation is assumed to be the reason for stirring up a hostile reaction from the majority group of the host country,[58] and that hostility in turn strengthens the solidarity of the middleman minority (Waldinger 1986a, 253).

Most recent formulation of the middleman minority approach has modified the theoretical status of the original hypothesis. One of the examples is from the work of Edna Bonacich (1973). The author has questioned the economic role of the ethnic

[56] For a brief overview of research done in Britain, see Appendix A.
[57] For an overview of other theories on immigrant entrepreneurship such as cultural analysis, collective approach and niche model, see Appendix B.
[58] Based on Weber (1948, 66), the marginal situation of trading groups was termed 'pariah capitalism' and such strata was functionally indispensable and socially segregated.

groups described in the middleman minority theory, and stated that sojourning alone is not a condition of the forming of a middleman minority but is a prerequisite. The major economic effects of sojourning are the tendency to thrift [59] and the concentration in certain occupations. The occupations selected usually are transportable or easily liquidated. Fundamentally, the choice is not confined in a specific industry such as trade. They also engage in other independent jobs, namely barbers, shoemakers, tailors and launderers. Hostility and discrimination against minorities does not necessarily force immigrants to make a living in marginal lives, nevertheless, it probably drives them to the bottom of the economic or social structure.

In essence, sojourning brings about a certain degree of internal solidarity. The reason is that sojourners are transients and often plan to return. Hence they have every reason to keep the ethnic ties as they can be used for preferential economic treatment. The ties provide a basis for trust, and trust, in this case, makes the distribution of resources more efficient, [60] and helps control internal competition. In practice, these ties have been viewed as one of the most potent facilitators of immigrant enterprise development in terms of capital formation and resource pooling. Thus, the expansion of immigrant businesses can be explained by the transfer of the informal preferential resource. For example, entrepreneurial values and beliefs are passed on through inter-generation and the formation of networks of trade. The Jews in Europe, Asians in East Africa and Greeks in the United States are some of the examples of the middleman minority phenomenon (Bonacich 1973). In brief, the author has rejected the deterministic notion of culturally programming for the success of middleman minorities, and refused to regard the ethnic resources as the sole forces of entrepreneurship (Barrett, Jones and McEvoy 1996, 789).

In later studies, for example, Light and Bonacich (1988) have further brought the concept of class resources into play. Class resources are assets like savings, property and educational qualifications that might be supposed to derive from middle-class status. Such class resources provide a mechanism of expansion as succeeding

[59] Thrift is the product of a willingness to endure short-term deprivation for the long-term goal of returning to the homeland. It is characterised by long hours of work, an emphasis on savings and often remit money to homeland but spent very little on consumption in the host country. This orientation contrasts with that of settlers, however, it enables the middleman minorities to accumulate capital (Bonacich, 1973, 585).

[60] Resources include capital, credit, information, training, jobs and labour (Bonacich, 1973, 585).

generations of immigrant entrepreneurs inherit the assets accumulated by the founding generation (Barrett, Jones and McEvoy 1996, 791-792).

Criticisms of the theory of middleman minorities are taken on several grounds. First, the interpretive and factual base conflicts with its fundamental claim. The middleman approach postulates that the antagonism from the host society reinforces the solidarity of the minorities groups. However, this postulation has been rejected as numerous examples illustrate the contrary. For example, studies have shown that the hostility of the host society has not stopped the tendency towards assimilation. [61] Furthermore, there are counter-examples to the assumption that solidarity impedes the employment of outsiders or internal competition (Waldinger 1986a, 254). [62]

The second criticism refers to the growth of middleman minorities in response to their functional requisites and contexts. Middleman groups are found in the societies that are characterised by a 'status gap' or marked division between élites and working class (Rinder 1958, 9), namely, colonial societies with a gap between colonial rulers and the indigenous population (Bonacich 1973, 583). In this case, ethnic minorities are supposed to plug the status gap by acting as middlemen between the two, with their objectivity in the marketplace attributable to their indifference to politics (Park 1939, 14). Though such observation and explanations deserve attention, middleman minority groups are found in modern industrial societies[63] and in post-colonial societies even the élite have left the country (Bonacich 1973, 584). [64] Moreover, many scholars have claimed that the initial middleman theory is low in applicability. Consequently, they have modified its hypothesis and abandoned culture and antagonism as the casual variables. They have redefined the middleman minorities as those ethnic business groups whose firms are concentrated in a marginal sector, recruit labour force within the ethnic economy, and maintain familistic management (Waldinger 1986a, 254).

(2) Enclave theory

[61] For details, see Waldinger (1986a, 280 footnote 17).
[62] For details, see Waldinger (1986a, 280 footnote 18).
[63] Examples include the Indians in Britain and the Chinese in New Zealand (Bonacich 1973, 584).
[64] Asians in East African and Parsis in India are some of the examples (Bonacich 1973, 584).

In addition to the middleman minority, enclave theory is an analytical model of ethnic minority business (McEvoy and Hafeez 2009). The enclave concept has its origin in the theory of labour market segmentation that implies a split between a primary and a secondary labour market (Averitt 1968). The primary labour market primarily refers to large monopolistic corporations while the secondary one is the preserve of small competitive business and that involves minority workers, employers and self-employed (Doeringer and Piore 1971). Portes (1981), however, insists that the ethnic enclave represents something outside the primary-secondary spilt, and it consists of immigrant groups which concentrate in a specific spatial location and set up business serving their own ethnic market and/or the general population. The distinctive feature is that the majority of them work in enterprises owned by other immigrants.

The proposition of Portes (1981) is based on the study of Cuban Americans. It has been found that Cubans effectively utilised the use of co-ethnic suppliers and informal channels of capital sourcing (Wilson and Portes 1980, 315). The network created attracts a great deal of external clientele, and the enclave has functioned as a kind of territorial export base for penetrating into the mainstream market. As a result, the Cubans employed by co-ethnic firms earn significantly higher wages than those employed outside the enclave. The enclave has expanded by continuously equipping employees with the skills and resources to start up on their own (Bailey and Waldinger 1991).[65] In general, enclave theory refers to ethnic businesses organise themselves into a geographically bounded community where they trade exclusively or primarily with one another (Waldinger 1986a, 255).

Similar to the middleman minority approach, there are shortcomings in the enclave-economy theory. First, whether the enclave is a conceptually or operationally distinct phenomenon has been debatable (Barrett, Jones and McEvoy 1996, 793). Based on its proposition, enclave economy requires geographical clustering of firms, economic interdependency and co-ethnic employment. However few cases of ethnic self-employment obtain all these three conditions (Light and Karageorgis 1994, 650). Second, the ethnic enclave approach has been criticised for its low explanatory capacity. Waldinger (1986a, 256) has argued that the ethnic economy approach fails

[65]For a critique of the work of Portes (1981) and Wilson and Portes (1980) on Cubans, see Waldinger (1986a).

to explain the conditions under which immigrants are over-represented in small business, and it confuses the effects of ethnic business development with its causes.[66]

(3) The opportunity structure

As more research on immigrant entrepreneurs has been done, it eminently points out that analysing the issue within the wider context is more opt. Specifically, Waldinger, Aldrich and Ward (1990) have developed a more interactive model of immigrant entrepreneurship, and that is built on opportunity structure and characteristics of ethnic groups. The opportunity structure is composed of market conditions and access to ownership. The former means that there is a special set of needs and preferences that are best served by the members of the immigrant community. In other words, economic activities entail a connection to the homeland of the immigrants and knowledge of tastes. The probability of expanding ethnic firms to non-ethnic market depends on the broader structure of opportunities in which ethnic firms establish (Waldinger 1986a, 277). The access to ownership refers to the government policies towards immigrants and the number of vacant business ownership positions. For instance, the economic restructuring and government policy may create new openings that immigrant firms are ready or even equipped to exploit (Barrett, Jones and McEvoy 1996, 795). More opportunities for ownership or business vacancies can be offered by the process of ethnic succession as the older ethnic groups that have previously dominated the ethnic economy, move into higher social positions (Waldinger 1986a, 278). On the whole, the access to business opportunities depends upon the state policies and level of interethnic competitions in relation to the opportunity structures.

In an attempt to explain the disparities in the outcomes of different ethnic and immigrant groups, the authors have separated the conditions which affect the self-employment process into three categories involving pre-migration characteristics, the circumstances of migration and post-migration characteristics. Pre-migration characteristics include skills, languages, business experiences, kinship patterns and entrepreneurial attitudes. It is believed that if immigrants come with useful and relevant skills, they are more likely to make a success. However, only a few

[66] Waldinger (1986a, 256-257) has also commented on the misleading inference of the work of Portes (1981).

immigrants possess skills that are specific to the business fields, and hence, the crucial question is how they attain the skills upon arrival. One observation is that groups with strong informal networks transmit skills to new-comers more effectively (Waldinger, Aldrich and Ward 1990, 41-42; Waldinger 1993, 694).

'Migration circumstances' refer to the settlement type, whether immigrants as temporary workers or permanent settlers. The distinction is important because the latter can breed an affinity with the necessity of success. Permanent migrants are more prone to create and exploit opportunities. Therefore, it is expected that they are more deliberate in their quest for economic success. On the other hand, when people see themselves as temporary migrants, their goal usually is to accumulate wealth to be taken home. As a result, they appear to be less reluctant to engage in dead-end jobs that native workers reject. Moreover, temporary immigrants usually come without family and they have to send money to support their relatives in the home country, so they are unable to save up for the start-up capital (Waldinger, Aldrich and Ward 1990, 42-44).

Another factor affecting the outcome of self-employment is the position of a minority group in the economy of the host country, and it is referred to the post-migration characteristics by Waldinger, Aldrich and Ward (1990, 45). The authors have contended that immigrants can have much success if they are already concentrated in those industries where small business is prevailing. It is because immigrants will gain access to more information about business opportunities, necessary knowledge of the role of an entrepreneur and have more chances to acquire the relevant skills needed to start up a business (Waldinger, Aldrich and Ward 1990, 21).

Finally, the last aspect of the model, ethnic strategy, emerges for the interaction of all above factors. According to Waldinger, Aldrich and Ward (1990, 14), immigrant economic activity is an interactive consequence of the pursuit of opportunities by the mobilisation of ethnic resources. Ethnic resources are socio-cultural features of a group that can be utilised by co-ethnic businessmen or from which their business can benefit (Ligth and Bonaich 1988, 178). Typical ethnic resources refer to (a) predisposing factors including cultural endowments and a

sojourning orientation, and (b) modes of resources mobilisation such as ethnic social networks and access to co-ethnic labour (Boissevain *et al*. 1990, 132).

To summarise, opportunity structure, group characteristics and ethnic strategies are the three components of the interactive model of ethnic business development. The model highlights that the process of ethnic entrepreneurship is a complex interplay of political-economic and social-cultural factors within unique historical conditions encountered at the time of immigration (Waldinger, Aldrich and Ward 1990, 31-32). There is no doubt that the interactive model is an important step towards a more comprehensive theoretical approach (Rath 2002a, 9). Nevertheless, the model is more of a classification than an explanatory model because the authors have considered the ethnic strategies the products of group characteristics and the opportunity structures, rather than an explanatory attempt. Moreover, the authors have been criticized by their priori categorisation of immigrants as ethnic groups, and the concomitant assumption that immigrants act differently by default than mainstream entrepreneurs as ethnic entrepreneurs (Rath and Kloosterman 2000, 667). Further, Bonacich (1993) and Rath (2000a, 2002b) have further challenged the view of market conditions as more or less static, and the idea of confining the institutional factors to a short list of laws and regulations that apply to immigrants.

(4) Mixed embeddedness model

In parallel with Waldinger, Aldrich and Ward (1990), Kloosterman and Rath (2001, 2003) have laid special emphasis on the actors and the role of the social embeddedness in understanding immigrant entrepreneurship. The authors have acknowledged the significance of the embeddedness of immigrants in social networks but conceived that their relations and transactions are embedded in a wider economic and politico-institutional context in which immigrant entrepreneurs are starting their business. With reference to Granovetter (1985), two types of embeddedness are distinguished. They are relational and structural embeddedness. The former is involved in networks of interpersonal relations. For instance, immigrant entrepreneurs are embedded in a network of social relations with customers, suppliers, banks and law enforcers. Structural embeddedness refers to the broader network in which economic action is embedded. The mixed embeddedness model is comparable to the

theoretical elaboration of Granvotter (1985) but it hinges specifically on the opportunity structure in a way that the opportunity structure is conceptualised as different types of markets where opportunities for business occur (Kloosterman and Rath 2001, 2003).

More precisely mixed embeddedness is the embeddedness in economic and political structures and that refers to regulation in the market. There are two forms of regulation. They are 'sticks' (legislation) and 'carrots' (incentives and disincentives). In other words, regulation is not just a matter of constraining but also of enabling. Formal and informal institutions as well as individuals and their social networks all play in a role in regulation process (Rath 2002a, 17). Obstacles may arise in the requirement of permits to start a particular business. Furthermore, institutions determining or fostering accessibility to financial resources constitute a form of regulation that shapes the opportunity structure for immigrant entrepreneurs (Kloosterman and Rath 2003, 9). Examples include the Multi-Fibre Arrangements and the World Trade Organisation as they govern the international garment production and trade (Appelbaum and Gereffi 1994; Mitter 1985; Raes 2000b).

On the other hand, based on Kloosterman and Rath (2003, 8), opportunity structure is strongly influenced by post-industrial economies,[67] in a sense that various institutional frameworks bring about divergent post-industrial self-employment trajectories, and hence different opportunity structures for native or immigrant entrepreneurs. For example, if the government takes care of most low-wage activities, the scope for small business is smaller than in the case where the market is the main provider for public services. Also, if there is a relatively high legal minimum wage exists, the profitability of low-value added services and manufacturing is undermined.

Further, the accessibility and growth of opportunity structures should be analysed at three levels including national, regional and neighbourhood levels, as immigrants tend to concentrate in specific cities or even neighbourhood. At the national level, laws and rules are important in regulating the establishment of a business. For instance, if applying for a permit to start a business requires a specific

[67] The concept of post-industrial economies suggested and the examples provided here are originally from Esping-Andersen (1990).

qualification that can only be obtained in the host country or in the language of the host country, it will very likely obstruct the entrance of aspiring immigrant entrepreneurs into business (Kloosterman and Rath 2001, 194).

Different cities or regions of a country adopt different polices on business formation and development, and it leads to different entrepreneurial culture. For example, ethnic entrepreneurs in some European countries are facing various structural barriers to operations (Boissevain *et al*. 1990; Waldinger, Aldrich and Ward 1990) whereas other governments promote immigrant business by the implementation of assistance programmes or policies (Teixeira 1998, 273). Moreover, the advance of information and communication technologies as well as the elimination of trade barriers has contributed to the emergence of a global pattern of regional economies (Kloosterman and Rath 2001, 197). At the neighbourhood level, the concentration of specific groups of immigrants may create markets for immigrant entrepreneurs to sell ethnic products. It is because neighbourhoods cause proximity which establishes social networks, and that is beneficial to ethnic businesses (Kloostermand and Rath 2002, 197).

The above illustrates that markets or opportunity structures are not given but embedded in social contexts that differ according to time and place (Scott 1998; Storper 1997; Rath 2002a, 12). Placing immigrant entrepreneurs in the focus of the discussion, Kloosterman and Rath (2001, 190, 193-194) have claimed that an account of their embeddedness in social networks, economic and politico-institutional environment of the receiving country is vital.

In short, the model of social embeddedness has discarded the culturally-induced factors as the major conditions for immigrant entrepreneurial success. Rather, it has offered a more comprehensive and complete account by investigating the interaction between immigrants and host countries (Waldinger 1986a, 258, 274). In particular, the discussion stresses how immigrants with specific characteristics (actively) react to the opportunity structure of the society. Moreover, the analysis of the opportunity structure has added new depth to the dynamic institutional factors that affect immigrant entrepreneurship.

Having discussed various theories on immigrant entrepreneurship, the following section will address to the performance of immigrant entrepreneur, the dynamics of their entrepreneurship and the factors underlying these processes, in the cases of Turks in Berlin (food sector), Cypriots in London (garment sector) and Chinese in New York (garment sector), with reference to the mixed embeddedness model. It aims at exploring and analysing how the embeddedness in social network (agency) and embeddedness in political and economic environment (structure) are linked. The foci have been put on the competence of different immigrant entrepreneurs in mobilising and exploiting resources, in relation to the significance of market structures and the impact of different forms of regulations by the governments (Rath 2002b, 170-171).

Berlin

The development of Turkish entrepreneurs in food sector[68] in Berlin is evidence of the adjustment of migrant entrepreneurs to the strict law enforcement and legal constraints of the host country. As foreigners in Germany, Turks need an unlimited residence permit in order to register a new business. A permit is issued only after at least five years previous residence. Such barrier can be overcome as most first generation Turkish workers had lived in Germany for at least a decade by the middle of 1970s (Mushaben 2006, 215). Also, anyone who wants to start a business is required by law to have appropriate qualifications and official permit. In addition, foreigners receive business licensees only when there is a special need, and if the proposed activities do not harm the economic interests of Berlin (Seidel-Pielen 1996, 51). In 1980, the Chamber of Industry and Trade approved 57 per cent of applications from Turkish entrepreneurs based on the fact that three-fourths of customers of the Turkish Imbiss or *Döner* stands, were Germans. (Mushaben 2006, 215-216).

Döner or Döner kebab has become a Turkish specialty made in Germany and the reasons for its increasing popularity are varied. First, it could be considered a success of overcoming a German aversion to strong or spicy flavours. It was also the result of a changed taste for new cuisines of young people, coinciding with the

[68] Food sector includes *Döner* stands, kiosks, restaurants and grocery stores.

McDonaldization process in which a culture possesses the characteristics of a fast food restaurant in the early 1980s. The development of new taste gradually made the *Döner* and pizza more popular than the traditional German fast food like *Currywürste* and *Pomme-frites*. With the prosperous sales of *Döner* business, the migrant entrepreneurs have created new jobs, introduced technological inventions, and built the network of German and non-German companies including supplier distributor and delivery (Mushaben 2006, 213, 215-216).

Apart from the changed consumption habit of food of Germans, the high concentration of Turkish entrepreneurs in the food sector is partly due to low capitalization, no advanced education requirements and built-in reliance on local customers. However, these advantages have also led to keen competition - or a substantial self-exploitation (Mushaben 2006, 215). For Turkish businessmen, the solutions to the problem include long hours of work and utilisation of family labour (Seidel-Pielen 1996, 51). The former aims at increasing the sales and the latter can minimize labour cost. According to Seidel-Pielen (1996, 51), strangers are seldom hired in Turkish business.[69]

In addition to lowering cost, family resources are utilized to reduce business risks and help raise capital. For example, wives/husbands work in the business and their spouses may have another job elsewhere. This can recover running costs with extra income. Loans from banks for new business incorporations are often assumed by dependent employees and guaranteed over and above their wages. Thus, one spouse with a steady income as an employee can apply for a loan for the other to run an independent business. Such method of assuming loans have been common. Additionally, personal loans between friends and personal savings are important sources of capital (Blaschke and Ersöz 1986, 40-42),

Turkish enterprises in catering sector in Berlin have moved beyond ethnic market (Pécoud 2001, 4-6). However, their upward mobility is not apparent. It is

[69] Based on the research done by Blaschke and Ersöz (1986, 41), employees of Turkish businesses in Berlin were either family members or those who were recommended by kin or friends. Employment of strangers in the Turkish business community was uncommon. Family labour not only helps reduce cost, but also provides an opportunity for second generation to learn how a business operates. Also, Turkish parents like to have their children around.

found that Turkish migrants in Berlin have had little previous experience of business enterprise. Also the second generation lack certain management competencies such as marketing and financial management skills. Inadequate expertise is one of the barriers to entrepreneurial success for Turks. Moreover, relatively small amount of capital investment of most businesses has been an impediment to the long term, large scale development (Blaschke and Ersöz 1986, 43-44). These factors have explained the fact that only a small group of Turkish entrepreneurs can make their business successfully compete on international market (for example, manufacture and export of food).

In general, the economic integration of Turkish migrants has undergone strain and obstacles. Pécoud (2001, 6) suggests that the 'Turkish economy" has long grown in a context characterised by indifference or ignorance on the part of the government. However, it is also prudent to indicate that the opportunities of self-employment of Turkish entrepreneurs have been controlled and manipulated by the national and local regulations.[70]

London

One of the industries having a high level of immigrant participation in London is the garment industry. [71] By 1970, immigrants made up more than 10 per cent of all the workers in the textile and garment industry. With the increased import penetration, tailored outerwears as well as men's and boys' wear have been severely affected. Garment production, however, has continued to develop in London (Anderson and Flatley 1997; Grahman and Spencer 1995). This has primarily resulted from the increased significance of the women's and girls' lightwear as well as casual wear. Therefore, during the middle of the 1980s, high levels of participation by immigrants in entrepreneurship were revealed (Panayiotopoulos and Dreef 2002, 50-52). According to the Greater London Council (1985, 119-139; 195-217), Greek Cypriots

[70] The subject of the regulations of migrant entrepreneurship in Germany will be discussed in greater detail in Chapter Six.

[71] Historically, Eastern European Jewish refugees in the late nineteenth century worked as pressers and machinists in the garment workshops of East End of London. The role of minorities in particular increased in the early post Second World War as the British government decided to encourage the labour migration to meet the great demand of labour in the garment industry (Jones 1976).

and Turkish Cypriots have been particularly concentrated in the women's clothing[72] and heavy wear[73] sectors in London.

These immigrant entrepreneurs[74] could avoid being jobless by starting their own businesses largely because they have responded to the opportunities provided in the London economy. Historically, the London garment industry is characterised by the prevalence of small firms in which the entry barriers are low. The industry employs relatively simple technology and relies on demonstrable ways of learning skills. Such features facilitate the involvement of immigrants in the industry as contractors.[75] Moreover, the garment industry in the United Kingdom has been able to remain onshore by minimising labour cost. This has been achieved by equipping factories with best available technology and making use of local contractors. The process is further driven by a highly concentrated garment retail sector with an increased significance of female lightwear and casual wear. The historical commitment to a "made in the UK" of Marks and Spencer is a typical example (Panayiotopoulos and Dreef 2002, 50, 52).[76]

Regarding the recruitment of labour, immigrant entrepreneurs in London have utilised their social networks. Many Cypriot entrepreneurs have made use of the large range of community associations and informal gatherings to share information about work (Josephides 1988, 42; see also Josephides 1987; Rex and Josephides 1987). Also, the pooling of family labour is an important and typical resource among them like other minority entrepreneurs (Panayiotopoulos and Dreef 2002, 53-54).

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[72] Women's clothing includes dresses, blouses and skirts (Panayiotopoulos and Dreef 2002, 50).
[73] Heavy wear includes coats and tailored garments (Panayiotopoulos and Dreef 2002, 52).
[74] According to Rath (2002a, 23), some British academics choose to use ethnic entrepreneurs instead of immigrant entrepreneur because many of the 'immigrant entrepreneurs' were actually born in Britain. However, immigrant entrepreneurs are used here as the term 'ethnic' is relatively ambiguous.
[75] The organisational production of garment industry is divided into the buyers (who place the orders), the manufacturers (who provide material, design, assemble and finish the products) and the contractors (who supply labour to do the cutting, making and trimming (Panayiotopoulos and Dreef 2002. 50-51)
[76] An advantage of facilitating the upward mobility of immigrants in the garment industry in London is derived from the long lasting subcontractual relationships. There was an agglomeration of buyers, manufacturers, production units, designers, suppliers of textiles and trimmings services in the West End and North London. The proximity of this relationship has promoted a fashion-wear market characterised by small-batch production of rapidly changing styles. Since the minority entrepreneurs have adapted to the women's clothing market as contractors with their flexibility and efficiency that meet the specific demand, they have been benefited from the development and growth of the London garment industry (Panayiotopoulos and Dreef 2002, 50-51).

On the other hand, the policies and regulations of the government have implications for minority entrepreneurs in the garment industry in London. In the 1960s and 1970s, the British government was involved in rationalising the textile and garment industry, and it resulted in tremendous job losses in the mills in the Midlands and Northern London. However, the local governments have witnessed a revival in the role of some garment manufacturers as they have found a demand for higher-value, style and quick response. The demand has been preciously met by small firms. Accordingly, they have supported the development and expansion of small-firm sector since the 1980s by providing minority entrepreneurs with different assistance. The financial aids have included the Loan Guarantee Scheme, the Enterprise Allowance Scheme, funds provided by Regional Enterprise Units and the Training for Enterprise Scheme. Even though these initiatives might not have directly stimulated a specific industry, the government has actively promoted small business ownership and self-employment particularly on the part of ethnic and racial minorities. One of the examples of successful minority enterprise in the London garment industry is manifested by the centre of fashion wear for women established by Cypriot entrepreneurs. The spot-market is situated in the area of North London where includes about 150 manufacturers and wholesalers (Panayiotopoulos and Dreef 2002, 58-59). Compared to Turks in Berlin, many Cypriot entrepreneurs have attained upward mobility in the garment industry.

As opposed to the German government, the British government has supported the development of small firm sector. For instance, the devotion of the policy makers in London to an enterprise economy has flavoured the ethnic minority communities. Since they have realised that garment businesses can create more jobs and achieve racial equality, they have paid much effort on empowering the immigrant minorities by initiating a series of programmes to provide training and funding for the small-and medium-sized immigrant enterprises (Rath 2002b, 185-186). The designed projects are implemented by both local government and non-government organisation. Some agencies specialise in the encouragement of business start-up and assisting companies with fewer than ten workers (Jones *et al.* 1989, 1992). In sum, the national and local governments have made them an ideal vehicle for assisting minority enterprises, and it would appear that the attempt has benefited some immigrant entrepreneurs.

New York

New York City has been the centre of fashion in the United States since the late nineteenth century. Until the Second World War, 65 per cent of women's garment industry workers clustered in New York City. This is largely due to the specific characteristics of the garment industry that has resisted standardisation and mass production. Furthermore, the spatial proximity with an agglomeration of a variety of garment-related activities has boosted the development of the New York fashion design and garment industry. Since the 1960s, Jews, Italians, Chinese and Dominican groups have been involved in the garment industry.[77] Although the industry suffered a downturn in the 1950s, it still remained the largest manufacturing sector in New York at the end of the 1990s (Zhou 2002, 113-115). Similar to the case of London, many immigrants including Asian and Hispanic entrepreneurs have entered in this industry (Bailey and Waldinger 1991; Waldinger 1986b; Wong 1987). Nevertheless, they are mostly contactors or subcontactors with low English proficiency and qualifications. Unlike the immigrant entrepreneurs in London, the upward mobility of immigrant entrepreneurs in New York City is less feasible and they have established sweatshop and non-unionised factories to struggle for survival (Zhou 2002, 114).

Since the 1960s, the number of Chinese-owned garment firms has grown rapidly (Waldinger 1986b). The influx of unskilled immigrants from mainland China has provided inexpensive labour for Chinese owners, and hence many Chinese immigrant entrepreneurs have used their savings to become self-employed. Most of them are contractors of sportswear of women. This is partly because the sewing job requires little English and the skills can be learned quickly through on-the-job experience. Thus, some of the more successful workers with sufficient savings later become entrepreneurs. Furthermore, being a contractor involves a low entry cost as the rent is affordable and used sewing machines are easily found (Zhou 2002, 120-

[77] Historically, many immigrant groups in New York have been involved in the garment industry. Specifically, the Russian and Eastern European Jews started their business at the turn of the nineteenth century. As many of them had been tailors, their skills helped establish ready-to-made garment trade. Also, they laid down the organisational structure of the garment industry by working for small contractors who lived and located their shops in the area where the residents were principally immigrants. Such business linkages with ample workers and in New York have shaped the participation of new immigrants (Zhou 2002, 113).

121). Nonetheless, most Chinese immigrant entrepreneurs have been in marginal position despite their presence in the New York garment industry for more than two decades. One of the reasons is that given the rise in wage in New York and the standardised mass production, the garment industry has, since the 1960s, shifted to Asia and Latin America in order to minimise the labour cost (Petras 1992). Consequently, imported clothing accounted for less than 15 per cent in the 1960s but grew to over 80 per cent by the 1980s (Waldinger 1986b). In addition to restructuring and outsourcing, upward mobility of Chinese contractors has been impeded by lack of financial capital and expertise. One way to become a manufacturer is to hire professionals such as designers and highly skilled workers to develop a private label. Also, planning and management skills are required to co-ordinate the specialities in the garment trade. Nevertheless, such large capital investment and sophisticated business operation is beyond the reach of most Chinese contractors (Zhou 2002, 127-128).

The New York garment industry has been regulated by the government. However, it has been directed to the proliferation of sweatshops (Rath 2002b, 184). The anti-sweatshop campaigns in the middle of 1990s eliminated a number of violators but, in fact, many firms managed to escape this regulation (Zhou 2002, 125). In general, the American government has stimulated small entrepreneurship by both tax reduction and abolition of business licensing requirements. However, there are contextual specificities that are largely affected by local political condition (Rath 2002b, 182).[78]

Comparisons have described and analysed the development and structure of immigrant catering in Berlin and garment industries in London and New York. Historically, immigrants have always been prominent in the garment industry. [79]

[78] Also, there are various forms of regulation at the supernational level in relation to the garment industry. For example, with the Multi-Fibre Agreement during the 1990s, the European Union granted additional import rights to the Mediterranean, Central and Eastern European non-members and hence they became competitors of local garment contractors in Britain. Similarly, the North American Free Trade Agreement encouraged the relocation of garment factories to Mexico that affected the opportunity structure of immigrant contractors in the United States (Rath 2002b, 181-182).

[79] Over the years, immigrant entrepreneurship has played an important role in the development of the garment industry in Amsterdam and Los Angeles as well as in Paris, London, Birmingham (the West Midlands), New York and Miami. Each of these cities is a major international centre of garment production, and in some of them, this has been the case since the early 19th or even earlier. Without the

However, this is not the case in Germany. The small enterprise sector is strictly regulated in Germany because entrepreneurs who intend to engage into the garment sector are required to be qualified as *Meister* (a master/a skilled person) and registered in the *Handwerksrolle* (the register of qualified craftsmen). For most migrant entrepreneurs, this is a high barrier. Alternatively, they set up clothing repair shops as the legal requirements are less strict. Turkish and Greek migrants have been concentrated in this sub-sector (Rath 2002a, 7, 16-17). [80] This helps to explain why the involvement of Turkish immigrant entrepreneurs in the garment industry in Germany has been insignificant.[81]

Social networks are important in the formation of immigrant *niches*. They are vital because they can provide immigrant entrepreneurs with essential information about business opportunities and practice in the sector, and access to financial resources as well as cheap, reliable and flexible labour (Rath 2002b, 174). With regard to the three cases, they all have shown the significance of embeddedness in social networks. Specifically, the Turks in Berlin have exploited family and co-ethnic resources to maintain and expand the business. The clustering of Turkish business in the ethnic *niche* has facilitated the expansion of the catering industry in the local economy. Also, Cypriot and Chinese entrepreneurs have optimised their ethnic ties and informal network to recruit labour.[82]

In spite of the fact that the immigrant entrepreneurs have mobilised their social networks to establish and develop their business by some means, their possibility of

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input of the immigrants, the industry would not have been able to establish in these particular spots and would not have stood a chance of surviving over such a long period of time (Rath 2002a, 3-4).

[80] Apart from the regulations, Morokvasic, Phizacklea and Rudolph (1986) has noted that the vanishing of the Jewish petty bourgeoisies in the Holocaust and the strict immigration regime have impeded the development of immigrant garment industry in Germany. The former undermined the historical succession of small enterprises from more established groups to newcomers. In Britain, for example, the Jewish garment sector remained partly intact during the World War Two, so the succession did not stop. The latter prevented the arrival of a large number of new or potential entrepreneurs from abroad.

[81] The role of Turkish immigrant entrepreneurs in the garment industry was important in Amsterdam in the course of the 1980s and 1990s. Most of them operated as contractors or subcontractors in the market, survived and expanded the business with employment of illegal immigrants. However, the garment industry plunged in the early 1990s due to new production facilities, changing logistic procedures and strict enforcement of the central government on illegal practices (Raes 2000a). Immigrant entrepreneurship in the garment industry came to an abrupt end in Amsterdam after 1993 due to a combination of policy interventions and market developments (p.89).

[82] However, a reliance on familial or ethnic networks is not always positive. One of the problems is the supply of co-ethnic labour is depleting due to an ageing population and reluctance of young second-generation to enter the industry (See Panayiotopoulus and Dreef 2002, 54; Rath 2002b, 177-178).

upward mobility is far from universal. For instance, the Cypriot entrepreneurs in London are more able to achieve upward mobility than the Turks (in Berlin) and the Chinese (in New York). For Turkish businessmen, limited financial capital as well as business management knowledge and skills have been the reasons for their little chance of moving up in the industry. The main problem faced by the Chinese entrepreneurs is the matured garment industry in New York. The well, long-established market has created meagre opportunities for newer immigrant groups to attain a higher status as the upper tier has been dominated by established native-born and well-educated manufacturers. Thus, many Chinese immigrants with low qualification and low proficiency of English have found it unfeasible to achieve upward mobility (Rath 2002b, 175).

The cases of London and New York have also highlighted the importance of the market. On a regional level, the role of manufacturers and retailers has been critical to the development of the garment industry in London. As mentioned preciously, the chain department store of Marks and Spencer has accounted for a substantial part of the total sales. Its orders of large quantities of garments have fostered the expansion of manufacturers and contractors in the market. In the case of New York, the existence of a conglomerate of designer houses, fabric suppliers, distributors and marketing companies in the city has made the garment industry more flexible and efficient, and that has remarkably benefited the business of the immigrant contractors (Rath 2002b, 179-180).[83]

In addition to the regional characteristics of the market, the garment industry itself has affected the opportunity structure of the garment contractors. The rapid-cycle changes, small and fragmented demands and short lead-times have expanded the local system of subcontracting involving small contactors and home workers. These processes have created ample opportunities for small immigrant-owned garment factories. Apart from these, simple technology, on-the-job training, and low capital have enhanced the entry into the industry as contractors or subcontractors (Rath 2002b, 178, 181).

[83] Contractors in the United States have been less likely to face competitions from producers in other places such as North Africa or Eastern Europe as they are operating in a market with contractors in the Mexican maquiladoras and offshore contractors in Hong Kong and elsewhere in the Pacific Rim (Rath 2002b, 179).

To conclude, the comparisons have exemplified the differences among receiving countries in the attitudes toward immigrant enterprise, the legal requirements and obstacles to the establishment of a business. It would appear that there is considerable variation within immigrant enterprise. Thus, the above account has not intended to generalise but explains first how various immigrant entrepreneurs manage their enterprises, second how they relate to the market and institutional environment that they run their business, and third the extent to which immigrant entrepreneurs who are in a better economic position are well placed to benefit from national or local support (Panayiotopoulos and Dreef 2002, 51-52, 67). [84]

Additionally, a general trend can be observed from the case studies. It is believed that the performance of immigrant entrepreneurs has been affected by the social networks and individual capabilities while the opportunity structure of immigrant enterprise has been shaped by local and national intervention or inattention. No doubt the possibility of entrepreneurship has been increased by informal resources and personal abilities. However, the above comparison has indicated that the emergence or rise of immigrant entrepreneurship in the 1970s/1980s (in Germany, Britain and the United States) is not just interplay between the immigrant groups and the nations. In effect, the global changes have played a critical part. For instance, the increasing popularity of *Döner* is partly due to the global culture characterised by fast food restaurants. Accompanied with the success of *Döner* stands, some Turkish entrepreneurs are able to expand their retail business to wholesale or import-export firms without support from the German government.[85] On the other hand, although Cypriot and Chinese immigrants have been assisted by the governments, the potential and limits of governmental policies have been driven in some ways by global competitions (Panayiotopoulos and Dreef 2002, 68). In order to clarify how the international institutional factors affect the development immigrant entrepreneurship, the next chapter will put the subject of global economic restructuring under the discussion.

[84] This discussion of the immigrant entrepreneurs in Berlin, London and New York does not aim at presenting a comparative study but an illustration to show the differentiation among three minorities groups in three different cities.

[85] Also, it has been suggested that the rapid proliferation of *Döner* stands in Berlin is the consequence of huge job losses due to the global restructuring in the 1970s (Mushaben 2006, 215).

Chapter Four-Globalisation and Transnational Corporations

Previous literature on immigrant entrepreneurship has emphasized the significance of the opportunity structure or market. However, most theories and approaches have not captured the important dynamic between the recent global economic changes and business/entrepreneurial activities. This chapter will, in turn, cast light on the issue.

Since the 1980s, there have been immense changes in the world economy. The global changes include the outgrowing of national boundaries and local markets of many corporations. The transnational corporations (TNCs) are agents that have transformed the economy at a global level, and simultaneously are the outcome of the transformed global economy. The shift in relationship between national and transnational elements of the economy markedly backgrounds that of contemporary globalisation. Evaluation of the meaning and effect globalisation processes in which the discussion is centred on the role of TNCs and its implication for the feasible development of transnational business activities of immigrant entrepreneurs is as follows.

Conceptualisation of globalisation processes

Globalisation is a multidimensional concept (Doogan 2009, 63) and different scholars have many opposing views about the different aspects and logics of globalisation (Giddens 1999). According to world systems theory of Wallerstein (1990), globalisation has been seen as post-modernisation resulting from expansionary capitalism, and is a new form of exploitation across the world. However, it has been criticized for its emphasis on the economic aspect of globalisation, and its failure to address the central role of the state in the context of the multiple sites of sovereignty (Waters 1995). On the other hand, Beck (1992) has advocated that globalisation is a consequence of modernity. The theory is characterised by its detailed accounts of cultural politics in relation to globalisation and its consideration of the changing role of the nation-state (Nash 2000). OECD studies (1993) have even suggested that globalisation is flexible sourcing, production and marketing that mark the globalised

firms. Other scholars have stated that globalisation is the expansion on a global scale of the interrelations among national economic and social systems, by the increase in international movements of goods, capitals and labour as well as the rapid growth in international production (for example, Acocella 2005, 421; Das 2004, 1). In brief and with reference to Giddens (1990, 64), globalization is defined as the 'intensification of world-wide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa'.

In view of the globalisation processes being explained in such manner, the theory suggests that globalisation is not something completely new.[86] The same or similar development that globalisation theorists stress today was already considered by Marx and Engels (1848, 16) in the description of the evolutionary and rise of the bourgeoisies in their work of the Manifesto of the Communist Party.[87]

> The bourgeoisie has, through its exploitation of the world market, given a cosmopolitan character to production and consumption in every country…all old-established national industries have been destroyed or are daily being destroyed. They are dislodged by new industries, whose introduction becomes a life and death question for all civilized nations, by industries that no longer work up indigenous raw material, but raw material drawn from the remotest zones; industries whose products are consumed, not only at home, but in every quarter of the globe. In place of the old wants, satisfied by the production of the country, we find new wants, requiring for their satisfaction the products of distant lands and climes. In place of the old local and national seclusion and self-sufficiency, we have intercourse in every direction, universal inter-dependence of nations.

Also, Acocella (2005, 426) has pointed out that the degree of internationalisation reached in recent years is greater than in the early 1950s but is not much higher than that on the eve of the First World War for countries like Brazil, India and Mexico. Before the war, national economies were well connected through

[86] For a brief historical origin of the global system/globalisation, see Axford (1995, 28-29).
[87] Manifesto of the Communist Party was first published in 1848. The source of the article in the present study is from Marx/Engels Selected Works (1969)

cross-national trade. Money and goods flowed freely and investors could read about local economic conditions in far-flung parts of the world. However, the First World War severely disrupted this global integration (Hass 2007, 190).[88] In a similar vein, based on Held *et al*. (1999, 429), globalisation is a process which has been happening for a long period of time[89] and can be viewed in several waves. For instance, the contemporary patterns of globalisation are a product of a unique conjuncture of social, political, economic and technological forces. Broadly speaking, whether the term globalisation can explain the accelerating global interconnections, interdependencies and the subsequent profound changes is still debatable. However, it is reasonable to say that the recent global integration of economic activities is constituted by critical historical development and rapid social structural changes.

Having examined different conceptualisation of globalisation, there is a common distinction between the notions of economic internationalisation and globalisation. The former usually implies flows of money, services and goods across borders. The latter, however, connotes the functional integration of places that creates interdependency and a major impact of social processes in one region on another (Dicken 1998).[90] In other words, globalisation is not merely about flow of goods and capitals, but also about a multi-dimensional process in which social relations become globalised (von Apeldoorn 2002, 56).

It would appear that a precise definition of the multi-causal and multi-faceted globalisation processes is unlikely to be attained. However, it is useful to examine the phenomenon of globalisation from a threefold model. First, from an economic perspective, it can refer to the integration of world economies with greater mobility of factors of production, and through increased trade and foreign investment. The second perspective is the preventive, or adaptive, measures taken by the nation-state governments - meaning the political decision at state level is an actor that has forwarded, or retarded, the globalisation processes. The last dimension is the socio-cultural processes caused by the previous two economic and political conditions. It

[88] Hass (2007, 192) claims that the modern wave of global interdependency has not returned to the same level of integration as it was before the First World War.
[89] As suggested by Albrow (1996), globalisation can be seen as historical transformation as there are particular changes in historical time and they are related to the continuous development of globalisation.
[90] According to Hass (2007, 186), globalisation implies a transformation of economic structures and institutions beyond societies.

highlights the agents who have been influenced by, and have reacted to, the globalisation processes other than the governments (Alasuutari 2000, 265-266).

Considering the purpose of the present study, the following discussion concentrates on the economic nature of the globalisation processes. The economic globalisation processes here are defined as the ongoing trends towards the growing integration of national economies through trade in goods and services, cross-border investment, capital flows and migration of human resources (Das 2004, 1-2). Since the globalisation processes have been dynamic and complex, the consequences are sweeping and all-encompassing. The crucial one is probably the creation of a global economy accompanied by the rise of TNCs (von Apeldoorn 2002, 55-57).

Consequence of globalisation processes

It is well recognised that the emergence of a global economy is the result of extensive flows of international trade and growth of international investment. During the fourteenth century, for example, it is estimated that there were as many as 150 Italian trading and banking companies operating worldwide (Dunning 1993, 97-98). Tracing back the first company engaging in production outside its home country, it was in the second half of the nineteenth century.[91] However, substantial overseas production by the United States, the United Kingdom and European countries did not emerge until the beginning of the 1900s. Between the First and Second World Wars, a new pattern of geographical specialisation was prevalent. Almost 90 percent of manufacturing production concentrated in the Northwest European industrialised countries and the United States, and at the same time they exported two-thirds of their goods to the less affluent countries (League of Nations 1945; Dicken 1998, 20-21). Nevertheless, such long established structure was completely destroyed by the Second World War (Scammell 1980, 2).

Since the industrial capacity of the world (mainly in Europe) was vastly demolished, a new world economic system was expected. For instance, the division of the world was basically between the West (led by the United States) and the East

[91] Dunning (1983) has provided an extensive survey of the growth of international direct investment from the 19th century.

(including the Soviet-dominated nations of Eastern Europe) after 1945. These two power blocs then greatly extended their influence to other nations, and the process had considerable effect on the subsequent global economic pattern. For example, the Bretton Woods system was established in 1944 aiming at regulating international financial transactions, based on fixed currency rates primarily governed by the US dollar. Correspondingly, the International Monetary Fund (IMF) and the General Agreement on Tariffs and Trade (GATT) were established in 1944 and later the World Bank. Their objectives included the promotion of international monetary cooperation, the elimination of tariff barriers and the development of nations through capital investment respectively. On the other hand, the Soviet bloc had its own economic system and isolated itself from the West economically and politically (Dicken 1998, 21-23). In essence, the development of the global economy is witnessed principally in the West but it should be reminded that the centre of attention has changed since the collapse of the Soviet regime in the 1980s.

Formation and prevalence of transnational corporations

The growth of TNCs is not by chance. Since the globalisation processes has loosened the connection between workers and employers, firms are no longer bound to localities and can decamp with the capital that is 'spatially indifferent' (Doogan 2009, 65). The owners of TNCs are those who are able to take this advantage of flexibility of the distribution of factors of production, and actively respond to state policies including taxes, trade barriers and incentives. They coordinate resources and operations between different locations at a global scale by establishing production and distribution networks across countries. In effect, the decisions of the owners of transnational enterprises[92] to invest in particular geographical locations directly shape the pattern of the global economic activities (Dicken 2003, 198).

The definition of TNCs is varied. In this work, TNCs are defined as corporations operating in at least two countries including their home country.[93] The

[92] Enterprises refer to the economic organisation for the purpose of producing goods and providing services for sale. An enterprise has autonomy in choosing the field of production, sales and distribution of profits (Giovannini 2008, 29).

[93] Transnational business is a business that has production or services in more than one country and its market extends from a small to a wider one, or its clientele extends from a small group of people to the

key element of this definition is the coordination of international production. In other words, the firm may establish production in foreign locations to serve its domestic market or/and overseas markets.[94] Since there is no single precise definition, internationally comparable statistical data to describe or compare the growth of the TNCs is lacking. Alternatively, the foreign direct investment (FDI)[95] has been used to indicate the expansion of the TNCs especially from the early 1980s onwards. Although the absence of comprehensive figures has made the analysis very difficult, it is estimated that between one-fifth and one-quarter of total world production is performed by TNCs (Dicken 2003, 47-48, 208).[96] However, the concentration of foreign assets, sales and employment in the largest TNCs reveals that the distribution of international investment is uneven throughout the globe (Doogan 2009, 72).

The motivations for the development of TNCs can be examined from a general system.[97] At this macro level, TNCs are basically capitalist enterprises and they possess the fundamental drive for profit. Based on the capitalist system by Marx,[98] the internationalisation of economic activity by the TNCs can be regarded as a part of the normal process of capitalist expansion and relies on the concept of the circuits of capital. It starts by using money to purchase commodities in the form of raw materials and labour. Next, these inputs are transformed in the production process and acquire increased value. The increased amount of money is then used to purchase further inputs for the production, thus the circuit continues. The basic circuit of capital can be expanded into commodity capital, money capital and productive capital, and three of them have been progressively internationalised. The first circuit being

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entire population of a country. Some authors suggest that transnational corporations and multinational corporations are interchangeable. Based on Dicken (1992, 47), multinational corporations mainly refer to the corporations operated in a considerable number of countries. In drawing the distinction, Miyoshi (1993) has argued that a TNC might not be tied to its nation of origin but is adrift and mobile, ready to settle anywhere, as long as the affiliation serves its own interests. Similarly, Axford (1995, 97) has contended that TNCs have broken free from or transcended the bounds of nationality.

[94] According to Cowling and Sugden (1987, 60), 'a transnational is the means of co-ordinating production from one centre of strategic decision making when this co-ordination takes a firm across national boundaries.'

[95] According to Dicken (1992, 88), although most countries have published figures on FDI, there are variations in coverage and definition.

[96] The UN Centre for Transnational Corporations publication of *World investment directory 1992 vol. III: Developed countries* also contains country by country breakdown of FDI statistics.

[97] Apart from the macro-level approach, there are various micro-level approaches that have attempted to explain the TNCs, for details, see Dicken (2003, 202-206).

[98] For more details, see Marx, Karl [1867] 1906. Capital: A critique of political economy. Translated by Samuel Moore and Edward Aveling. New York: The Modern Library.

internationalised is the commodity capital in the form of world trade. The circuit of money capital is the second to become internationalised, and that is operated in the form of the flow of portfolio investment into overseas ventures. Last, the most recent circuit being internationalised is the circuit of productive capital, and it is in the form of the growth of TNCs, and of international production (Dicken 2003, 199-202).

Generally speaking, two types of transnational production have been suggested: market-oriented production and asset-oriented production. The former refers to the TNCs which design and produce commodities or services to serve a specific market(s). The choice of market lies in its size (per capital income) and structure of demand (magnitude and nature of consumption patterns in relation to different per capital income levels). The latter classification is based on the assumption that not all assets needed by a firm are available in the same quantity and quality everywhere. However, as the advanced technology in production and transportation has levelled out the significance of location for natural resources, the most influential location-specific factor is labour. Specifically, the geographical variations in labour knowledge and skills, wage levels, productivity, mobility and the extent of controllability[99] are taken into account into the decision-making of choosing a location (Dicken 2003, 208-212).

Factors favouring globalisation processes and transnational corporations

Transnational corporations are actors that speed up the globalisation process on the one hand, and are driven by the process on the other (Coe 2007, 9). The contemporary high mobility of capital is similar to the market penetration fostered by colonial regimes earlier but it is now made possible by transnational and multinational corporations (Massey 1999, 41-42). Also, TNCs have helped create a new pattern of international division of labour by increasing subcontracting across national borders (Coe 2007, 9). These changes have been spurred by technological advances as technology can create new products, new methods of production and transportation as

[99] The extent of labour controllability means the extent to which labour is organised through labour unions. For a detailed description of all these factors, see Dicken (2003, 210-211).

well as new markets (Dicken 2003, 85). Improvement in technology has also fed into any corporate relocation strategies if companies are planned to set up in other countries (Doogan2009, 60). The recent advance of information and communication technologies (ICTs), enabling information to be processed and transmitted to most places at a very high speed and a low cost, have radically restructured the global economy (Dicken 2003, 89-90).

Concerning the ICTs, the satellites and optical fibres technologies are two 'catalysts' that have widely transformed the global communication system as they have reduced the time and the cost of transmitting and receiving information.[100] On the other hand, the development of a computer-based communication system has provided a convenient and quick way of inter-personal and inter-organisational connection through emailing (Dicken 2003, 96, 99). As a whole, all these technologies have enabled communication to become less expensive and faster and that has a far-reaching impact on global economic growth.

Transportation development plays a role in global shrinkage. For example, the introduction of commercial jet aircraft has reduced the time involved in delivering goods over long distances, and the development of containerisation has increased the security of shipments and greatly lowered the cost. Transportation technology has increased the flexibility of many economic activities (Dicken 2003, 89-91).

To a large extent, the most profound effect brought by technology in relation to the global economy is the greater flexibility in production and distribution processes. Generally speaking, the key to such flexibility is the use of technology in machines and operations. For example, the new electronic and computer-aided production technology enables a rapid switch from one part of a process to another, and that makes the tailoring of production to the needs, or tastes, of consumers possible. Also, with the efficiency and availability of the transport networks, companies can have relatively more autonomy to decide the geographical location of their production. In summary, the enhanced flexibility in the production processes has

[100] In the 1960s, the annual cost of a telephone circuit was more than US$600,000 but the same advice cost US$9,000 in the late 1980s. In addition, the cost of a three-minute international call from London to New York fell by almost 90 percent in real terms between 1973 and 1993 (Dicken 2003, 96).

changed the relationship between the scale and the cost of production, increased the variety of product and altered the relationship between production and labour (Dicken 2003, 106-108,110).

Contrarily, the global free flow of trade in goods, services, capital and labour have been driven by various international economic policies that eliminate the obstacles to international trade. For instance, the removal of restrictions on foreign direct investment imposed after the Second World War. Apart from these, there has been drastic liberalisation of national rules in the EU and the North American Free Trade Agreement (NAFTA) from the 1980s, and multilateral trade negotiations undertaken within the OECD and the Uruguay Round, promoted by supranational institutions such as the IMF and the World Trade Organization (WTO) (UNCTAD 1994). All these measures and changes have fuelled liberalisation of trade and capital. Additionally, the end of the 1980s saw a boost to the economic globalisation processes came from the opening of the former Communist-bloc countries to trade and international investment (Acocella 2005, 429-429).

Simultaneously, national economic policies implemented by governments were closely associated with the distribution and redistribution of economic activity. As the role of many governments has changed, the decision in relation to infrastructure, man power, or legislation tends to be market-determined. For example, since the middle of the 1980s, more and more governments have declined to play a direct role in the functioning of the economy. Subsequently, deregulation in different sectors like financial services and telecommunication, and privatisation of public enterprises, have been prevailing. The deregulatory forces have also opened up access to national markets to trade flows and foreign investment flows (Dicken 2003, 165, 510).

Further to deregulation, various financial and fiscal incentives are offered to private companies while capital grants, or loans, are available for those companies that lack investment required for a specific productive venture. Special tax and tariff concessions are permitted, export profit may be tax-free or taxed at a lower rate, and

tariffs may be waived or reduced on some imports.[101] As a whole, most of the liberalised polices are induced by, or modified, based on the GATT which has provided a set of rules for international trade (Dicken 1992, 150-151, 154, 157). However, it should be acknowledged that states continue to regulate the level and type of economic transactions and activities although to varying degrees and in different ways (Dicken 2003, 510).

To summarise, the continuous globalising forces has increased the irrelevance of location of production and the boundary-dissolving character of communications technology, thus creating 'new' opportunities for capitalists to operate cross-national business (Kennedy 1993, 129). Institutional structures form the 'rules of the game' governing the decision making of owners of corporations (Dori, Honig and Wright 2009, 1003). In other words, successful owners of transnational corporations are those who are able to exploit new business opportunities by fully utilising advanced technologies and strategically respond to state regulations.

[101] Establishment of an export processing zone (EPZ) is also a popular measure to promote and maintain export-oriented activities. The purpose of an EPZ is to promote export-oriented industries by providing entrepreneurs with favourable investment and trade conditions as compared with other regions of the host country. EPZs are located in various environments depending on the regional development plan of each country. However, most of them provide adequate physical infrastructure and services, for example, power supplies, transport facilities and low-cost buildings. Simultaneously special investment incentives and trade concessions are offered. Last, devaluation of domestic currency is one way to make exports more competitive on the global market (Dicken 2003, 178-180, 183).

Chapter Five-Transnationalism

Globalisation processes have made an impact on movement of capital and goods as well as movement of migrant populations across national boundaries (Kennedy 1993, 129). In practice, the interaction of international migration and the globalisation processes lies in the conceptualisation of transnationalism (O'Flaherty, Skrbis and Tranter 2007, 818).[102] According to Glick-Schiller, Basch and Blanc-Szanton (1995, 7), transnationalism is defined as 'the processes by which immigrants forge and sustain multi-stranded social relations that link together their societies of origin and settlement'. It emphasizes the simultaneity of economic, social and political connections that bind immigrants to two or more countries. To differentiate, migration is the movement from a country of origin to a country of settlement, whereas transnationalism connotes that immigrants are in a social field of networks extending across international borders (Smith and Guarnizo 1998). Some scholars have suggested that transnationalism overlaps globalisation but, in fact, the scope of the former is more limited. This is because globalisation processes are largely decentred from specific national territories at a global level;[103] transnationalism is anchored in and transcends one or more nation states.[104]

Literature review on transnationalism

During the past decade, the emergence of transnationalism has drawn considerable attention in social science disciplines. It has been considered an essential concept in the study of migration as it can capture the distinctive features of the new immigrant communities that have developed in the advanced industrial countries at the capitalist world system. The literature and research on transnationalism is diverse in approach and scope, and it lacks a consensus on the meaning of the concept. Nevertheless, most

[102] For example, Basch, Glick-Schiller and Blanc-Szanton (2000), Portes, Guarnizo and Landolt (1999) and Vertovec (1999).
[103] Dicken (2003, 1) has emphasized that all global processes originate in specific places.
[104] In relation to the difference of globalisation and transnationalism, some scholars have suggested the concepts 'globalisation from below' meaning transnationalism or the rise of transnational communities by mobilising grassroots networks to adapt and respond to the globalising activities of corporations and government (Smith and Guarnizo 1998), and 'transnationalism from above' referring to globalisation (Mahler 1998). However, the concepts are neither well developed nor elaborated. On the other hand, Kelly (2003, 217) has considered transnationalism an integral part of the other forms of globalisation.

studies have conceptualised transnationalism in the context of immigration. Furthermore, some scholars have contended that globalisation is primarily concerned with macroeconomic processes transcending one of more countries and it should be viewed as 'transnationalism from above'. In contrast, transnationalism or 'transnationalism from below' refers to the multiple ties, or interactions, linking people across borders of national states (Guarnizo and Smith 1998; Al-Ali and Koser 2002, 2).

The concept of transnationalism as a novel analytic approach for understanding migration was firstly articulated by cultural anthropologists Nina Glick-Schiller, Linda Basch and Christina Blanc-Szanton in 1992 (see also Glick-Schiller, Basch and Blanc-Szanton 1995; Glick-Schiller 1997). According to the authors, the global capitalist system in the 1980s brought about restructuring. Therefore, a good deal of industrial employment has either been lost through the export of manufacturing industries to other less industrialised countries or replaced by service sector. However, the new jobs are characterised by low pay with no or few benefits. Moreover, the economies of less industrialised countries disrupted by the intrusion of international and multinational corporations have created underemployment. As a result, these economic dislocations make immigrants vulnerable, affecting construction of a new type of transnational existence (Glick-Schiller, Basch and Blanc-Szanton 1992, 8-9).

Based on the vignettes of Haitian, white-collar Grenadian immigrants in the US, and Filipino expatriate communities in New York,[105] the authors have proposed that there is a new kind of immigrants whose networks, activities and patterns of life encompass both their host and home countries. This is the main difference that they have claimed in immigrants present-day compared with their counterparts in late nineteenth and early twentieth centuries. Since their lives span national boundaries and their multi-stranded social relations bring two societies into a single social field,[106] the processes by which immigrants establish the social fields linking their countries of origin and settlement together is defined as transnationalism. Accordingly,

[105] For the background information on the three illustrations, see Glick-Schiller, Basch and Blanc-Szanton (1992, 2-4).
[106] The social fields connect the two societies to each other but are at the same time more than just the sum of the two (Glick-Schiller, Basch and Blanc-Szanton 1992).

immigrants who build the social fields are transmigrants (Glick-Schiller, Basch and Blanc-Szanton 1992, 1).

Glick-Schiller and her colleagues (1992, 5, 8, 10) have suggested six premises which are central to the conceptualisation of transnationalism as they can situate transnationalism in time, space, world systems and sociological theory.[107] It is imperative that patterns of social relations of immigrants be examined in the global economic. The authors have emphasized that the transnationalism is not simply a cultural flow. It involves the circulation of goods and ideas embedded in systems of social relations that are wider than national borders. In addition, the multiple and fluid identities enable contemporary transmigrants to express their resistance to the global political and economic situations.

Nevertheless, the discussion of Glick-Schiller, Basch and Blanc-Szanton (1992) has been criticized for its imprecision. It merely focuses on social relations but fails to explain why transnationalism, as the product of world capitalism, is a new and different phenomenon.[108] For example, many past immigrants maintained keen interests and active involvement in their homelands.[109] For this reason the novelty of the phenomenon articulated by Glick-Schiller, Basch and Blanc-Szanton (1992) has been questionable. As opposed to the claim by the authors that transmigrants put up resistance to the forces of capitalism, the responses to capitalism of past and present immigrants have been found to vary considerably. In brief, Glick-Schiller, Basch and

[107] According to Glick-Schiller, Basch and Blanc-Szanton (1992, 5), the six premises are (a) bounded social science concepts such as tribe, ethnic group or nation can limit the ability of researchers to perceive and analyse the phenomenon; (b) the development of the transnational migrant experience is inextricably linked to the changing conditions of global capitalism and must be analysed within that world context; (c) transnationalism is grounded in the daily lives and social relationships of migrants; (d) transnational migrants live a complex existence that forces them to confront and draw upon different identity constructs like ethnicity and race; (e) the fluid existence of transnational migrants compels us to reconceptualise the categories of nationalism, ethnicity and race that can contribute to reformulating the understanding of culture and class; and (f) transmigrants deal with a number of hegemonic contexts. These contexts have an impact on the consciousness of the transmigrants but at the same time they reshape these contexts by their interactions and resistance. Also, Vertovec (1999) has suggested six conceptual premises that shape the ways of the concept is used, transnationalism can be (a) a social morphology; (b) a type of consciousness; (c) a mode of cultural reproduction; (d) an avenue of capital; (e) a site of political engagement and (f) a (re) construction of place or locality.

[108] See Glick-Schiller, Basch and Blanc-Szanton (1992, 7-9) for the acknowledgment of the world systems theory by Wallerstein (1974) to comprehend the experiences of immigrants.

[109] For example, Faist 2000 and Barken 2006.

Blanc-Szanton (1992) are unable to clarify what transnationalism means and what it entails (Kivisto 2001, 554-557).

Apart from Glick-Schiller, Basch and Blanc-Szanton (1992), sociologist Alejandro Portes has attempted to offer a sustained assessment of the meaning of transnationalism and a discussion of its utility as an additional conceptual tool to study new immigrant communities. The examples of transnational immigrants in his studies include Dominican entrepreneurs with financial support from the expatriate community and Otavalo traders in the United States.[110]

According to Portes (for example, 1996, 1998, 1999, 2001), the source of transnationalism is the social and economic forces unleashed by contemporary capitalism. This corresponds with the argument made by Glick-Schiller, Basch and Blanc-Szanton (1992, 8) that transnationalism is a product of world capitalism. Transnational business activities are nurtured by the processes of capitalist expansion as it gives rise to the growing demand for immigrant labour in advanced countries. Since the jobs are mostly low-paid and menial, it provides an incentive for immigrants to seek other avenues for economic mobility. Knowledge and access to goods as well as services across borders are options among other things. Simultaneously, technological advances in long-distance transport and long distance telecommunications make the exploitation of these opportunities more feasible. Hence, a group of transnational entrepreneurs emerge to bridge the complementary needs of migrants and their home country population. These immigrants desire to escape from low-wage manual labour force on the one hand, and there is a high demand for information, foods and goods in sending countries on the other.[111]

Of equal importance, the incentive of establishing transnational enterprise is reinforced by the extent of discrimination and hostility faced by immigrants. When immigrants are rejected and confined to a permanently inferior status, they are more likely to reaffirm their collective worth and seek economic security through non-

[110] The author has repeatedly used these examples of transnational immigrants and same findings in his various articles. See Portes, Guarnizo and Landolt 1999, Portes 1999, Portes 2001, Portes, Guarnizo and Haller 2002 and Portes 2003.

[111] Based on Portes, Guarnizo and Landolt (1999, 228), the presence of multinational corporations and the marketing of their products in most sending countries has created new consumption aspirations that fuel the demand.

conventional paths. In this case, transnational entrepreneurship allows immigrants to avail themselves of opportunities from the dynamics of global capitalism to have an economic mobilisation. Transnational activities are seldom initiated by governments from the sending countries. On the contrary, it is the immigrants themselves who create and react to the transnational activities by mobilising different resources in both sending and receiving countries. Such transnational enterprise not only offers immigrants durable economic opportunities, but also boosts the economy of the home countries by the increasing remittances and investments (Portes 1996, 1998, 1999, 2001).

The authors have also observed the importance of institutions on the action of migrants, and highlighted how they are of a different order to individual behaviour (O'Flaherty, Skrbis and Tranter 2007, 822). They have claimed that the individuals and their support networks are the proper unit of analysis for methodological reasons. Nevertheless, they have ignored the impact of communities, economic enterprises and political parties on the lives of immigrants (Portes, Guarnizo and Landolt 1999, 220). They have abandoned the term "transmigrant" suggested by Glick-Schiller, Basch and Blanc-Szanton (1992) but regarded the group of immigrants who are at least bilingual and pursue economic and political interests within more than one country as a transnational community (Kivisto 2001, 560; Portes 1996, 74; Portes 1998, 46-50; Portes, Guarnizo and Landolt 1999, 217-8). The term of transnational communities also refers to the concrete social formations created by grassroots networks (family and cultural ties) and superimposed between two or more nation stations. Contrary to the view of the sociological assimilation perspective, transnational communities give expression to the fact that immigrants in the host countries do not abandon their kin or their cultural loyalties and historical attachments (Portes 2010, 195-196).

Since transnational activities include political, cultural and economic initiatives, Portes, Guarnizo and Landolt (1999, 221) have distinguished three different types of transnationalism - namely political, socio-cultural and economic. Political transnationalism entails political activities of officials in the sending and receiving countries. Socio-cultural transnationalism refers to activities that reinforce a national identity abroad or achieve collective enjoyment of cultural events and goods. At last, the process of transnational entrepreneurs who mobilise and keep their

contacts across countries with the help of technological innovations in telecommunications and transportation,[112] is perceived as economic transnationalism.

As a whole, transnational entrepreneurship is an alternative form of immigrant economic adaption in which the opportunity to engage in transnational activities, is shaped by the socio-political situation of the sending and receiving countries. The success of immigrant entrepreneurs depends on the operation of social capital across resilient long distances (Portes, Guarnizo and Haller 2002). [113] Transnational entrepreneurship, in essence, is an exemplar of transnationalism as transnationalism is more prevailing in the economic realm (Portes, Haller and Guarnizo 2001, 5-6).

Considering the contested meaning and scope of the phenomenon of transnationalism, Portes (2003) has attempted to summarise the conflicting arguments over the phenomenon of transnationalism and proposed five points that conclude the various literature on transnationalism. First, transnationalism is not a novel phenomenon but it represents a novel perspective. Portes (2003, 874-877) agrees that there are plenty of instances of transnationalism in immigration history. However, the density and complexity of the contemporary immigrant transnationalism is achieved by the advent of new technologies in transportation and telecommunications (Portes, Guarnizo and Landolt 1999, 227). Improved speed and efficiency in transportation and communication technologies is the typical difference between immigrants of past and present. These changes are particularly vital to facilitate immigrants to act more readily on homeland affairs (Kivisto 2001, 557-558). Even though subsequent research has discovered that only a minority of immigrants are transnational, their activities are heterogeneous and vary across immigrant communities as the result of different contexts of countries of origin and settlement. Finally, whilst government policies may promote and sustain transnationalism the onset of transnational activities has been initiated by immigrants themselves focusing on the needs of their

[112] The technological and financial feasibility of maintaining close contact and exchange between distance places is now far greater, and at least some technologies are widely accessible and affordable. For example, relatively low-cost airfares permit frequent return visits, international financial institutions facilitate money transfers, prepaid phone cards provide calls for a few cents a minute and email communications allow instant exchange of news. In fact, these technologies represent more than just an intensification and acceleration of historical cross-border connection but allow social practices to take place across great distances that would not previously been feasible (Kelly 2003:211).
[113] For the empirical examples of transnational entrepreneurs, see Portes (2010, 207-210).

hometowns and the condition of their country of origin. Governments generally enter the field after a definite set of transnational activities has been emerged or well established (Portes 2003, 877-880; Portes 2010, 216).

In contrast to Glick-Schiller, Basch and Blanc-Szanton (1992), Portes and his colleagues have prioritised transnational activities and limited the use of the term. The concept of transnationalism is therefore referred to activities that take place on a regular basis across borders (Portes, Guarnizo and Landolt 1999, 219; Portes 1999, 464). However, it has been argued that the deployment of the concept is varied both in conceptual premises and empirical studies (Crang, Dwyer and Jackson 2003, 441). [114] Also, the emphasis on individuals as a unit of analysis and the exclusion of communities and structural factors such as governments in immigration and emigration countries, has ignored the constraints and opportunities in promoting transnational practices (O'Flaherty, Skrbis and Tranter 2007, 822). As suggested by Harney (2007, 221), it is important to analyse the security measures of states on restricting movement across borders and neo-liberal policies of countries on encouraging mobility.[115] Thus, studies of transnationalism should not be restricted to those who are transmigrants or transnational communities but include differently located groups and individuals who are not members of specific ethnic communities (Crang, Dwyer and Jackson 2003, 448, 451).

Having discussed the two major theories of transnationalism,[116] it has become apparent that their explanations for the phenomenon contain arguable statements. First, there are two alternative or opposing views on the novelty of transnationalism. Kelly (2003, 211) has pointed out that technology typifies transnationalism process as the technological feasibility of maintaining frequent contacts is now greater because of affordable airfares, low-cost phone services and accessible Internet provision. These, undoubtedly, allow cross-border connection to take place more quickly and easily (see

[114] This may be explained by the fact that the theory and research on transnationalism has been grounded upon distinct conceptual premises (Vertovec 1999, 448).
[115] For a comprehensive discussion on the role of state in defining and explaining transnationalism, see Waldinger and Fitzgerald (2004).
[116] Apart from Nina Glick-Schiller and Alejandro Portes, Vertovec (1999) has contributed to the discussion on transnationalism. He suggests wider aspects of the concept by incorporating transnational consciousness, identity construction and hybrid cultural forms (Kelly 2003, 210). Basically, he regards transnationalism as a mode of cultural reproduction. His work is not discussed here due to the relevance of the present study.

also Sassen 1999). Nevertheless, various scholars (for example, Hanagan 1998; Roudometof 2000 and van Hear 1998) have stated that the transnational experience pre-dates the post-modern world of easy and quick means of communication means. In consequence, it is still controversial whether the process of transnationalism is novel or not.

Second, the empirical focus of the two theories of transnationalsim on individual as the centre of analysis has drawn criticisms. For example, Sassen (1998, 2001) contends that theorisation of transnationalism should be analysed within broader structural processes as international migration flows, integration and transnational ties have been largely affected by uneven capitalist development. Similarly, and based on Kelly (2003, 216), the nation-state should be a unit of analysis because transnational ties are circumscribed by, for instance, the regulatory authority of the state in the form of immigration criteria and procedures of receiving countries, as well as policies of sending countries.

Third, there is a tendency to overemphasize the pervasiveness of transnational models of living. This problem stems partly from the dominance of ethnographic methodology and cultural studies in the area. Such research methods consider only migrants who are actively transnational, thus they potentially pay insufficient attention to the internal stratification and heterogeneity (Portes, Guarnizo and Landolt 1999; Guarnizo, Portes and Haller 2003).[117] For example, the previous findings have failed to incorporate the experience of the immigrants who are long-settled communities or locally born generations (Gomez and Benton 2003, 9-10). Also, there is controversy over the prevalence of the concept itself. Since the definitions of transnationalism are exceptionally derived from empirical studies in the Americas,[118] it has been questioned if the results of extensive transnationalism in one group in one region can be interpreted as common behavioural characteristic of immigrants in general (Kelly 2003, 213).

[117] According to Guarnizo, Portes and Haller (2003), textual and ethnographic research methods are not sufficiently strong to answer questions in relation to who is transnationally involved in the migrant population. Thus, they are more likely to bypass internal stratification.

[118] Studies of transnationalism in the Americas, for instance, Glick-Schiller, Basch and Blanc-Szanton (1992), Kelly (2003), Levitt (2001), Marger (2006), Portes (1996, 1999, 2001), Smith (2001) and Wong (2004). These studies mainly concentrate on connections between the United States and Latin America and the Caribbean. See Appendix C.

To summarise, the work of Glick-Schiller, Basch and Blanc-Szanton (1992) considers transnationalism a transformative historical process, and that is expressed through the behaviour of migrants and their interrelationship with social and cultural changes. On the contrary, Portes, Guarnizo and Landolt (1999) stress transnational lives, hence transnationalism is a way in which people organise their lives. These scholars recognise the importance of institutions and believe that the impact of these macro concerns on individual actions is divergent. Thus, transnationalism is viewed as one potential outcome among various possibilities. While the theorists of the two camps differ in aspects of transnationalism, they all locate it within migration and multi-stranded relations that link together their societies of origin and settlement (Gomez and Benton 2003, 3). Hence, disproportionate emphasis has been placed on the effects of the activities of transmigrants in relation to their homelands (Mahler 1998, 93).

Transnational entrepreneurs

Transnational entrepreneurship, as a main feature and an exemplar of transnationalism, has been documented since the 1990s. With reference to Drori, Honig and Wright (2009),[119] the process of transnational entrepreneurship refers to entrepreneurial activities that are carried out in an international context, and initiated by immigrants who sustain linkages to the homeland and connections across international borders by travelling both physically and virtually. Such global relations in turn enable them to efficiently utilise the resources to exploit opportunities and create business environments (Drori, Honig and Wright 2009, 1003). The major difference between transnational and international entrepreneurs is the dual nature of the former who have to cope with, and adapt to, the institutional relations in both home and host countries (Yeung 2002, 30).

According to Kelly (2003, 211), the emergence of transnational entrepreneurs is caused by institutional changes and well-developed infrastructure for global business. With the processes of deregulation, liberalisation and closer economic

[119] The work of Drori, Honig and Wright (2009) is chosen here because it is a recent study which has comprehensively analysed the theoretical and empirical examination of the phenomenon.

integration of national economies, there are more opportunities available to initiate and develop international business. Since the basic criteria of transnational entrepreneurship is the recurrent business contact with the foreign countries (for example, Portes 1999, 464; Portes, Guarnizo and Haller 2002, 284, 287; Al-Ali, Black and Koser 2001, 596). The growth of transnational entrepreneurship is propelled by the technological advances particularly in transport and telecommunications (Vertovec 1999, 447; Portes, Guarnizo and Landolt 1999, 223; Portes, Guarnizo and Haller 2002, 281). For instance, cheaper air transport and reduced rate for long distance telephone have fostered cross border activities.[120]

Literature review on transnational entrepreneurs

One of the studies of transnational business activities is the ethnographic study done by Landolt, Autler and Baires (1999), and that has shown a wide range of transnational enterprises of the Salvadoran immigrants in Los Angeles, Washington DC and El Salvador. The authors have proposed five types of transnational enterprises[121] and the most representative one is the transnational expansion enterprise because it involves a shift in the flows of international capital. For example, the samples have used a large amount of capital to establish a production plant of beverage in Los Angeles and a sale office in Washington, D.C. The initiative of the establishment and the success of the investment is due to the Salvadoran consumption preference on a culturally specific market *niche*. This is exemplification of strong cultural and social bonds. The authors have concluded that the emergence and development of transnational economic enterprises is indispensable to the relations of Salvadorans and their home country.

[120] In addition to transport and telecommunications, the widespread use of the Internet allows transnational entrepreneurs to retain ties to their country to develop their business. Emailing also helps maintain contacts, and the information obtained from the Internet can make them more flexible to respond to changing market conditions (Hiller and Franz 2004; Stoli and Sussman 2002).

[121] Based on Landolt, Autler and Baires (1999), there are five types of transnational enterprises: (a) circuit enterprises- formal and informal delivery remittance agencies (b) cultural enterprises- ventures that produce or distribute Salvadoran mass media such as newspaper, TV programmes and shops selling Salvadoran beverages and foodstuff (c) ethnic enterprises- small groceries, convenience stores and restaurants serving ethnic clientele including African, Asian and Latin American (d) return migrant micro-enterprises- restaurants offer Chinese dishes, laundromats and retails and (e) transnational expansion enterprises- large Salvadoran companies and small-and medium-sized enterprises that mainly serve the special needs of Salvadoran immigrants.

Equally, Itzigsohn *et al*. (1999) have discovered small shops, remittance agencies, supermarkets and construction companies operated by Dominican immigrants in the area of Washington Heights of New York City and Santo Domingo. An insight offered by the authors is that many Dominican immigrants have invested a large amount of money in real estate and other business in the Dominican Republic as they have a desire to return. In other words, their transnational economic practice is very likely to be only one manifestation of the emotional linkages with the home country.

Another example is a study of the Otavalans in northern Ecuador provided by Kylie (1999). The Otavalans are known for their production of handicrafts and traditional garments manufactured by household labour with simple tools and machines. Instead of focusing on the local market, the Otavalans travel back and forth within major cities in Europe and North America to sell their products. The author has argued that the emergence and success of the Otavalans, as a 'grass-roots transnational entrepreneurs', is not related to the availability of start-ups capital but based on non-financial resources like politically-induced social resources.[122]

Research conducted by Wong and Ng (2002) observes transnational enterprises amongst Chinese immigrant entrepreneurs in Vancouver. [123] Most of these immigrants enter Canada under the Canadian Business Immigration Programme (CBIP). Analysis reveals that the immigrant entrepreneurs have engaged in a mixture of types of business including Asian production and North American distribution, retail chains as well as traditional import-export. While they have more business associates in Asia, they rely less on co-ethnic Chinese contacts and Chinese clientele. Moreover, the scholars have asserted that transnationalism occurs not only at the level of large transnational corporations, but also at the small-and medium-sized business level. Furthermore, the existence of Chinese transnational entrepreneurs in Canada underlines the importance of the Canadian policy that promotes transnational business.

[122] Politically-induced social resources emphasize the instrumental interrelationships between élites and ethnic group in the case of Otavalans. For more details, see the work of Kylie (1999).
[123] These Chinese immigrants are from China, Hong Kong and Taiwan.

A relatively renowned quantitative research on transnational immigrants has been conducted by Portes, Haller and Guarnizo (2002). Having defined transnational entrepreneurs as 'self-employed immigrants whose activities require frequent travel abroad and their success depends on their contacts in their home country', they have examined the determinants of economic transnationalism among Colombian, Dominican and Salvadoran immigrants.[124] Their findings suggest that transnational firms are overrepresented in telecommunications and retail sales such as computer software. Also, education and professional background have positive effects on transnational enterprise whereas years of stay does not increase or decrease the probability of participating in transnational business. Furthermore, transnational entrepreneurs have more social ties, higher educational attainment, higher income and more work experience. The opportunities to involve in transnational business activities are influenced by the socio-political conditions in both sending and receiving countries.[125]

On the other hand, the work of Gomez and Benton (2003) has investigated the Chinese in Britain, Australia and Southeast Asia. It has been found that transnational business ties are not cultivated on the basis of common ethnic and cultural identities. In addition, Morawska (2004) has identified three varieties of immigrant transnational entrepreneurs in New York, including New York Chinese global traders, Jamaican ethnic entrepreneurs and Dominican investors in home-country business. Based on a survey and ethnographic studies, the author has given a description of the factors that are responsible for the emergence of each type of transnational entrepreneurship. They include the cultural adaptation to the host society steered by the immigrants accompanied by their different class, ethnic resources and racial status in the host country. Also, the economic and political importance of their home countries for the

[124] For the reason why Colombian, Dominican and Salvadoran immigrants are chosen, see Portes, Haller and Guarnizo (2002, 284). Data for the study are from the Comparative Immigrant Entrepreneurship Project. The project initially collected data from samples of approximately 50 informants in 1996, and then Portes, Guarnizo and Haller (2002) used this information to guide a survey of adult family and conducted the survey in 1998 that included 1202 respondents born in Colombia, the Dominican Republic and El Salvador who had migrated to the United States.

[125] In the earlier work of Portes (1998), bilingualism and biculturalism has been regarded as the advantage in establishing transnational business. Also immigrants are more likely to develop transnational corporations if they can make good use of technologies. Portes, Guarnizo and Landolt (1999) have emphasized that economic success of transnational entrepreneurs depends on the utilisation of their social capital (see also Rumbaut 2002).

American interests is significant to the success of immigrant transnational entrepreneurs.

Finally, Wong (2004) has explored the Taiwanese immigrant entrepreneurs based on in-depth interviews. The study has discussed the conceptualisation of Taiwanese entrepreneurs operating within the transnational social spaces. [126] Transnational social space is found to include the transnational familial networks, transnational business circuits[127] and transmigration. The author has also examined the implications of the migration policies in Canada on the development of transnational entrepreneurs, as he did previously in the study with Ng in 2002. His work concludes with a suggestion that the engagement in transnational business practices by immigrant entrepreneurs is one of the important forms of economic adaptation.[128]

In summary, the scope, focus and target sample of previous transnational entrepreneurship research is varied, and the findings are too diverse to summarise here. However, it is clear that transnational entrepreneurship has been examined from several perspectives. [129] First, some research emphasizes the embeddedness of transnational entrepreneurs in both origin and host countries (for example, Landolt, Autler and Baires 1999; Itzigsohn *et al*. 1999; Portes, Haller and Guarnizo 2002). They indicate that the advantages of simultaneously engaging in two or more social environments have made transnational entrepreneurial activities feasible. The advantages refer to the resources, for example, social capital and social network created by dual lives. These resources are not only utilised by transmigrants, but also return migrants (see Landolt, Autler and Baires 1999, 299). Others stress the

[126] Social spaces can be explained as configurations of social practices, artefacts and symbol systems that span different geographic spaces in at least two nation-states (Pries 1999, 18).
[127] The transnational business circuits here refer to Asian production-North American distribution, retail chains and import-export, the same types of business found in the earlier study done with Ng in 2002.
[128] There are numerous studies on the transnationalism of Taiwanese business in different countries, Ng 1998 (the New York City); Tseng 1994 and 1995 (Los Angeles); Zhou and Tseng 2001(Los Angeles); Saxenian 1999, 2000, 2002 (Silicon Valley); Leung 2001 (Hamburg); Ip, Wu and Inglis 1998 (Australia). The foci of their work involve the transnational ties and networks, transnational economic linkages and mixed embeddedness in transnational activities of Taiwanese entrepreneurs. Abundant research on Taiwanese migration has concentrated in Australia and the United States. In some cases, the Taiwanese have been a subgroup of more general studies on Asian and/or Chinese immigrants. In other cases they have been the sole focus of attention. For details, see Wong (2004).
[129] The classification is based on Drori, Honig and Wright (2009).

institutional factors in relation to the emergence and development of transnational entrepreneurship, for example, Kylie (1999) and Wong and Ng (2002). A similar feature that can be found among the above studies is that their transnational business principally cater to the immigrants in the host countries or/and the compatriots in the home countries, and they focus on migrants who retain homeland ties and cultural bond.

Having reviewed the literature of transnationalism and transnational entrepreneur, various shortcomings of the concept or theory have been identified. The implication and inference has largely focused on variation in different immigrant groups and regions within the Americas and the Asia-Pacific areas. However, it has underplayed the intertwined relationship between the state (both sending and receiving countries) and the global structural processes (Kelly 2003; Sassen 1998, 2001). Specifically, it has failed to recognise that the state should be regarded as a constituting or reference point for the analysis of the circumstances of transnational communities and transnationalism (Robertson 1990, 26). Another limitation is the controversy of the prevalence of the concept or the applicability of the theory. As scarce empirical studies have been done outside the Americas, findings have been confined to some regions. This results in overlooking the multifaceted reality of immigrant groups. Considering the distinctiveness of immigrants and being in different political, economic and cultural environment, there are good reasons to expect that 'new' forms of transnationalism can be found in other countries, and transnationalism has different meanings for different immigrant communities or immigrant entrepreneurs as migrants are not homogenous but socio-culturally diverse and stratified (Al-Ali and Koser 2002, 1).

Chapter Six-Transnationalism in Germany- Turkish transnational entrepreneur

If transnationalism can be perceived as a vital part of globalisation (Kelly 2003, 216-217) and advances in technological are the prerequisites for the rise of transnational activities (Portes, Guarnizo and Landolt 1999, 233), there is little doubt that transnationalism also occurs in Europe as these two phenomena can be found in some European countries.[130] Nevertheless, as mentioned previously, transnationalism in Europe may take a different form. It is because the European migration patterns have been dominated by the demand for labour (predominantly in the Western Europe), and the geopolitical development of Europe has been remarkably affected by the collapse of the Soviet Union (1989) as well as the further integration of the EU. For example, Germany, Austria, Belgium, the Netherlands and Switzerland actively recruited unskilled workers from the Southern European countries on a temporary basis. Many workers eventually became permanent residents but still have connections with their home countries in different ways. In addition to foreign labour, increasingly disorderly movement after 1991 has helped establish cross-border (transnational) communities. About five million people fled from Yugoslavia, and some Czechs exiled in the United States have begun to campaign for voting rights in their homeland (Rogers 2004, 168-173).

Comparatively speaking, little attention has been paid to transnationalism (however defined) in Europe. However, a body of research has revealed the presence of transnational processes, activities and communities. The topics of the studies include regular trading, remittances, periodic visits for festivals and Diaspora lobbying. Transnational communities involve Maghrebis in France (Vasile 1997), Turks and Kurds in Germany (Caglar 1995; Faist 1999, 2000; Ostergaard-Nielsen 2000, 2003), Senegalese and Moroccans in Italy (Grillo, Ricco and Salih 2000) and South Asian in Britain (Gardner 1995). Focusing on Turks, Caglar (1995) has discussed the social spaces occupied by Turks in the German society. The account

[130] Compared to North America, there is a lower level of mobility within Europe due to the uneven diffusion of technology, slower pace of deregulation for air transport and telecommunications (Rogers 2004, 168-170). This is partly because of a series of national monopolies of telecommunication services in Europe for most of the twentieth century. However, such situation changed in 1998 as progressive competition into all areas of telecommunications provision and common rules for the regulation of the newly liberalised national markets were introduced in the EU (Roy 2002, 100).

concentrates on the life styles and cultural practices of Turks in an attempt to show the transnational relationship between German Turks and Turkey. Furthermore, Caglar (2001) has argued how the concept of ghetto constructs a blindness to the transnational spaces of German Turks in Berlin.

Ostergaard-Nielsen (2000) has compared mobilization and activities of the Turkish and Kurdish communities in Germany and the Netherlands, and suggested that behaviour of transnational communities is affected by political institutions in their host country. The author has elaborated on the theme of transnational political engagement of German Turks in homelands, in her book published in 2003. On the other hand, Faist (1999) has distinguished three periods of economic transnationalisation in the case of Turks in Germany. They refer to (a) remittances of labour migrants from Germany to Turkey (b) emergence and growth of ethnic business in Germany (c) Turkish transnational production, distribution and sale.[131]Nonetheless, transnational entrepreneurship in the German context is rarely the subject of the previous studies.

In an attempt to fill the gap, the Turkish immigrant entrepreneurs in Germany are chosen in the present study. Migrants from Turkey constitute the largest single group of immigrants in Germany. However, with the power struggle and structural problems in Germany, they had been marginalised socially, economically and politically as if they were temporary residents or workers. The temporary and negligible status of Turks is intended to make them less prone to pursue economic success. Nevertheless, approximately 55,000 Turkish companies have been found in Germany (Korte 1987, 181). Such significant Turkish business community not only refer those Turkish migrants who have transformed from guest workers into self-employed chiefly involving in the catering sector, but also includes a group of industrialists or capitalists who have established transnational firms across the globe (Ostergaar-Nielsen 2003, 33-35).

As explained in previous chapters, Turkey has no colonial ties with Germany and they are not in close geographic proximity. Millions of Turks residing in

[131] The work of Faist (1999) and (2000) will be examined in more detail later.

Germany is the consequence of the post-war labour recruitment and subsequent family reunification (Ostergaar-Nielsen 2003, 2). It still holds true that a smaller proportion of Turks want to return home, whereas many of them have become permanent but without changing their citizenship. Their working and life-long residence in a foreign country is an unplanned new form of migration and that factor is not adequately described and understood by traditional concepts of labour migration and immigration (Korte 1987, 164).

In parallel with the notion of transnational entrepreneurs, the Turkish migrant entrepreneurs have been accompanied by various transnational relations with Turkey. For instance, the transnational activities of the former guest workers consisted of travelling back and forth, sending remittances[132] and investing in Turkey. Nowadays, the increasing availability of electronic and printed media has further made Turkish migrants closely connected with their homeland. For example, Turkish state-television channels have been on cable throughout Europe followed by private channels on satellite TV. Statistically, 95 per cent of Turks read Turkish newspapers and hence, more than 200,000 copies are published in Germany daily. In addition, there are direct flights from most major German cities to Istanbul, Ankara and other cities with approximately 80 flights a day. Thus, the high demand for trips to Turkey suggests that many Turkish migrants have been in touch with their home country (Ostergaar-Nielsen 2003, 34-35).

Having considered the specific conditions of Turks in Germany, it is reasonably expected that there are salient differences in the process and outcome of the emergence of transnational entrepreneurship between Germany and other countries. The determinants and variants of the transnational business practices of Turkish entrepreneurs will add new depth to the concept of transnationalism.

Transnationalism has captured some distinctive features of immigrant entrepreneurship in the globalising world. Nonetheless, in view of the deficiencies of the theory, it is insufficient to explain the phenomenon as a conceptual tool. Accordingly, a transnational perspective is adopted to analyse the transnational

[132] Turkish remittances grew from US$45 million to US$4.5 billion in the 1990s (International Monetary Fund 2001).

business activities of Turkish entrepreneurs in Germany in the present study. The perspective is developed from the works of Guarnizo and Smith (1998) and Al-Ali and Koser (2002). According to Guarnizo and Smith (1998, 3-34), transnational theory involves (a) the rise of globalisation, (b) technological development in transport and communications, (c) political changes from decolonisation and the universal declaration of human rights, and (d) social networks facilitating migration and economic activities. Likewise, Al-Ali and Koser (2002, 3-4) have argued that traditional approaches emphasize the process and product of migration. However, the transnational perspectives focus on processes which are not necessarily novel but have taken on different forms through their interaction with contemporary globalisation processes. For example, they highlight the utilisation of telecommunication and transport by migrants, the exploitation of the global markets, and their association with new social, political and cultural resources generated by linkages across nations.

Having considered the propositions of Al-Ali and Koser (2002), Guarnizo and Smith (1998) and views of Kelly (2003) and Sassen (1998, 2001), the transnational perspective used here highlights the structural factors and macroeconomic changes. Analyses of these factors is framed in the globalised world and within the historical context, focusing on the linkages among the Turkish transnational entrepreneurs, the sending and receiving countries as well as the globalising economy. Accordingly, this chapter is organised as follows. First, the labour migration process, the migration of Turks to Germany will be described in order to contextualise the subject by connecting migration with a broader set of historical issues. Second, it will examine how the political-institutional framework has shaped the economic opportunities of Turkish migrants. An account of the emergence of Turkish migrant business will follow. Lastly, the case of Turkish transnational entrepreneurship will be presented and discussed in an international institutional framework.

Labour migration in Germany

Considering Germany's central geographical location in Europe and its few natural boundaries as well as awareness of the site being at the crossroads of ancient continental trade and migration routes, it is not surprising that this country has been a canvas of migration. The movements involved not just immigration by non-Germans but also massive emigration by Germans, especially toward the East during the early modern period (Stowasser 2002, 52). Owing to a time of industrialisation and economic growth, Germany underwent an era of mass migration between 1850 and 1914 (Castles and Miller 1998, 66). Since 1945, Germany has experienced several phases of migration flows including refugees and expellees from the east, the state recruitment of migrant workers and influxes of asylum seekers (Marshall 2000, 5).

With the incident of the 1973 oil crisis, however, the Federal government immediately banned all further recruitment of workers from non-EEC countries[133] and the official model of rotation was replaced by voluntary repatriation (Booth 1992, 111; Heckmann 1995). The intention of the *Auslanderstopp* (recruitment stop) was to reduce the population of both foreign workforce and resident population. A significant drop in the proportion of workforce was immediately witnessed. However, the effect of the 'recruitment stop' was minimal and it inadvertently produced a net increase in foreign resident population (Booth 1992, 111).

Tracing back to 1840, industrialisation came to Germany and the creation of job opportunities attracted a large quantity of foreign labour from neighbouring countries (Castles and Miller 1998, 60).[134] In 1871, labour shortage was first witnessed in the agricultural sector of the eastern provinces of Prussia and later in the industrial centre in the west. The demand of the former was mostly met by the recruitment of Polish foreign labour from Russia and Austria while the latter was filled by Poles who had moved from the regions annexed by Germany, as well as workers from Central and Western European countries (Meyers 2004, 121). Later, due

[133] There were measures that controlled the volume of labour in-migration in 1972, for instance, the Federal government raised the fee paid by the employers for the labour recruitment and imposed stricter supervision on accommodation provided by employers (Booth 1992, 118; Collinson 1994, 53-54).

[134] In the 19th century, the use of coal as a power source grew, and hence, many industries chose to locate near coalmines in order to minimise the costs of production. Consequently a new set of industrial towns were created (for example, Ruhr) and their demand for labour could not met by the natural population growth (Baines 1994, 37).

to the conflicts of political and economic interests, foreign Poles were compelled to be temporary seasonal workers and were prevented from taking up permanent residence. [135] Initially, they were restricted to agricultural work and subsequently permitted to engage in the industrial sector. However, their level of wages and working conditions were inferior to those of German workers. Apart from the Poles, foreign labour from Italy, Belgium and the Netherlands were crucial in the German industrialisation. However, the government prevented them from settling permanently (Castles and Miller 1998, 60). In summary, approximately 1.2 million of foreign workers from different countries were recruited to Germany due to economic pressure by 1914. Nevertheless, they were subjected to special legislation that discriminated against them, for example, mandatory identification restricting foreigners to work for specific firms, and regulations preventing foreign workers from settling permanently (Elsner 1985, 190). [136]

After the outbreak of the First World War, forced and exploited labour policies were not uncommon and such involuntary labour system was adopted for the rest of the war period to satisfy the changing needs of industry and the seasonal agricultural demand. Those who were from enemy alien territories were confined to their places of employment. For example, Russian-Polish workers and Galicians were forced to work in Germany (Elsner 1985, 195). Workers who were liable for military service in the allied army of Austria-Hungary were allowed to return home. Apart from these, the German government was eager to recruit skilled workers from neutral countries such as Switzerland, Scandinavian countries and Italy (Italy was neutral at the beginning of the war). Most of them were employed in the industrial sector. The German government also recruited as much labour as possible from the territories that were occupied, including the Ukraine, Baltic states as well as the Russian territories.

[135] In the 1870s, because the German government feared that the employment of Poles would jeopardise the policy of 'Germanisation on the Poles living in annexed territories, Poles were deported, the eastern border was closed and further immigration of Polish foreign labour was prohibited (Esser and Korte 1985, 166; Katzenstein 1987, 211). However, many Prussian landowners who faced an acute shortage of workers lodged protests against these arrangements. Finally a compromise was made in 1890 and Polish migrant labourers were allowed to work in Prussia on condition that they could not apply for permanence residency (Meyers 2004, 121-122).

[136] In order to execute the above regulations efficiently, a semi-official institution, the Deutsche Arbeiterzentrale (DAZ) was set up to work in close contact with the police in order to keep foreign workers under control (Elsner 1985, 190).

Furthermore, they permitted retaining and hiring all foreign Polish and Ruthenian workers (Bade 1985, 133; Elsner 1985, 191-208).

During the Weimar Republic (1919-1933), the employment of foreign labour was restricted. The total number of foreign workers dropped considerably from 950,000 in the beginning of 1900s to 100,000. This was explained by the fact that the country wanted to protect nationals, and hence the government imposed rigorous controls on foreign labour recruitment. For instance, there were sanctions against employers of illegal migrations and unrestricted police power to deport unwanted workers (Dohse 1981, 50, 114-117). Since the industrial capacity of Germany expanded particularly in its armament industry during the Nazi regime (1933-1945), labour shortage developed again (Meyers 2004, 124).

For the period of the Second World War, an enormous number of foreign workers were recruited by force from various countries to replace the German workers who had been conscripted for military service (Dohse 1981, 121). At the beginning of this war, Germany prevented those Russian-Polish agricultural workers who were eligible for military service from returning home (Meyers 2004, 123). This was followed by forcible recruitment took place in Poland after it was invaded and some voluntary labour was obtained from Italy, Croatia and Spain. By the end of this war, there were appropriately 7.5 million foreign workers in the Reich and it was estimated that a quarter of industrial production was carried out by foreign workers in 1944 (Pfahlmann 1968, 232).

To summarise, the timing of legislation and ordinances on labour migration from the late nineteenth century to 1945 was merely in the interests of Germany. Recruitments were initiated and generated because of labour shortage in agricultural and industrial production. In wartime, labours wasere recruited through the use of force and prisoners of war were compelled to work in both labour camps and private factories. Subsequently, labourers were deported, repatriated or released at the end of the war time (Meyers 2004, 123-125).

After the Second World War, labour was much in demand as the economy was rapidly growing and on a large scale and at a fast pace.[137] The short supply of workers was partly solved both by the large number of ethnic German expelled from former German provinces and by refugees from East Germany. Between 1945 and 1948, 12 million ethnic Germans entered the country. After 1950, the West German government even decided to facilitate the immigration of the remaining ethnic German minorities in the communist countries. For example, they were granted citizenship upon arrival (Meyers 2004, 125-126), and were given the same status and access to benefits as post-war expellees based on the law (Münz 2001, 7801). [138] The FRG also provided them with financial aid, free German language courses, vocational training and a claim to transfer public pensions. It is noteworthy that some of them did not contribute to the German pension insurance (Münz 2001, 7801; Rudolph 1994, 115). [139] Subsequently, over three million refugees migrated from East Germany to West Germany before the building of the Berlin Wall in 1961(Meyers 2004, 125-126).[140]

In addition to ethnic Germans and refugees, labour was recruited from various countries between 1960 and 1973. Following consultations amongst the Federal governments, the Federal Employment Agency, employers and labour unions, bilateral agreements on labour recruitment were made with Italy in 1955 (and 1965), [141] Spain and Greece in 1960, Turkey in 1961,[142] Portugal in 1964 and

[137] One of the reasons was that during the 1960s the FRG had an undervalued currency in a world of fixed exchange rates, therefore local and foreign capital was invested in the country to produce goods for export markets (Martin 1991, 64).

[138] The law of 1957 clarified the concept of ethnic origin and defined ethnic Germans by descent, language and cultural orientation (Münz 2001, 7801).

[139] According to Marshall (2000, 9-10), ethnic Germans were welcome to enter West Germany because, first, based on the interpretation of Article 116 of the Basic Law, ethnic Germans who had suffered disproportionately during and after the war for their connection with Germany, had a legal claim to residence and support in Germany. Second, the government argued that ethnic Germans migrated due to the continued repression of their lifestyle, culture and their German background. Third, the government contended that the younger population of ethnic German would benefit West Germany in an economic sense. The last two assumptions or arguments were criticised but remained the basis for official policy.

[140] For details of the migration of ethnic Germans, see Münz and Ulrich (1997, 68-77).

[141] The first Italian guest workers came to Germany in 1952 and he was employed by South German farmers (Heckmann 1981, 149f). After the formal abolition of barriers to free movement of workers within the EEC in 1968, Italians could enter Germany freely to take up employment as both Italy and Germany were members of the EEC (Collinson 1994, 49 footnote 36).

[142] Little accurate data on the regions of the Turks is available. The majority of them were either east Anatolian peasants or the most qualified from the western part of Turkey. Official statistics have been in support of the latter, and stated the first group Turkish migrants were highly skilled and came

Yugoslavia in 1968 (Booth 1992, 110). [143] Foreign workers were mainly unskilled labourers and they were served as a buffer between the effects of economic growth and decline in the German workforce (Marshall 2000, 11). The bilateral agreements noticeably marked the beginning of the *Gastarbeiter* policy (the guest worker policy) in Germany.

The *Gastarbeiter* policy focused on recruiting temporary foreign workers and the central feature was the concept of rotation. It aimed to solve the short-term labour shortage by keeping the labour force flexible and adaptable to the demand of the German labour market. Therefore, the seasonal migrant workers were brought into the labour market for a contractual period and sent back at the end of the period (Hollifield 1997, 36-37). [144] The majority of the system was males but there was always a substantial female minority because employers at textile factories, electrical assembly plants and food processing companies often preferred women workers (Morokvasic 1984).

For the purpose of benefiting employers and protect the German labour market simultaneously, the Federal Labour Office set up recruitment offices in corresponding countries to select and transport workers to Germany. Recruited workers were exclusively young with good health and no criminal records. They were assigned and restricted to work in heavy industry (Bender and Seifert 1998, 98). The initial accommodation was provided by employers whereas working conditions and social security were regulated by bilateral agreements between the FRG and the sending countries (Castles and Miller 1998, 71). Despite migrant workers being conceived as temporary labour units, the government, associations of employers and unions came to agree upon the full integration of the migrant labour into the social security system (Castles and Miller 1998, 71; Mehrländer 1980, 77ff). Accordingly, workers were granted a range of welfare and unemployment rights, and entitled to equal pay and work conditions (Vasta 2006, 234). From 1956 to 1966, the number of foreign

primarily from the west of Turkey. Only about a quarter of the workers were from agricultural sector (Abadan-Unat *et al.* 1975). With reference to Furgens (2001), by the later 1960s and early 1970s, more and more Turkish workers arrived from rural Anatolia and possessed fewer technical skills.

[143] Since the German government adopted an exclusionist policy to prevent workers from Asia and Africa, the bilateral agreements were signed with mainly European countries (Leung 2007, 465).

[144] The *Gastarbeiter* policy did not include legal measures that might compel workers to return (Korte 1987, 164).

workers rose from 95,000 to 1.3 million (Castles and Miller 1998, 71). Up to November 1973, there were about 14 million of guest workers in Germany (Bade 1994, 38) and it made up approximately 12 per cent of the total labour force (Oepen 1984, 112).

Based on the belief that migrant workers were temporary labour who were recruited, utilised and sent away as employers required, all foreign workers needed residence and work permits. These permits were granted for restricted period and often valid for specific jobs. Entry of dependents was not encouraged (Castles and Miller 1998, 71). However, the strategy of rotation was not feasible since the early 1970s as there was no enforcement of the rotation scheme (Heckmann 1995).[145] Also, the government was unable to prevent family reunion and prolonged settlement. One of the reasons was that many recruited workers could successfully persuade the employers to renew their residence and work permits and even hire their spouses (Castles and Miller 1998, 71). Furthermore, since the migrant workers were employed in unattractive sectors of the industry such as mining, construction, metal and textile industries, German employers tended to keep their trained workforce (Heckmann 1995). On the other hand, keen competition with other labour-importing countries led to relaxation of restriction on entry of dependents (Castles and Miller 1998, 71).

However, the incident of oil crisis in 1973 has made the Federal government ban all further recruitment of workers from non-EEC countries,[146] and the official model of rotation was replaced by voluntary repatriation (Booth 1992, 111; Heckmann 1995). Restrictive measures that cut down the population of foreign workforce included differential child benefit payment, constraints on the employment of family members and severe control over family reunion (Castles 1980). As recruitment agreements were put to an end, the significance of labour migration was reduced, and since then most immigration has been for family reunification. However,

[145] The policy did not include clear-thinking legal measures to compel workers to return in the first place (Korte 1987, 164). For instance, Italian workers enjoyed more freedom to enter, stay or leave Germany because Italy was a member of the EEC and the Italian authorities could directly approach the German labour exchange office to handle the arrangement of the migrant workers (Bade 1987; Demeny 2002, 70).

[146] There were measures that controlled the volume of labour in-migration in 1972, for instance, the Federal government raised the fee paid by the employers for the labour recruitment and imposed stricter supervision on accommodation provided by employers (Booth 1992, 118; Collinson 1994, 53-54).

as the population is aging and the workforce is shrinking, a shortage of labour in the health and knowledge-intense sectors has been identified. A new immigration act[147] was enacted in 2005 and that opened up the German labour market for skilled labour migration (El-Cherkeh and Tolciu 2009, 9)

Migration or labour migration in Germany was principally for labour purposes, [148]and it was initially encouraged because it was considered an offset to (a) a demographic gap caused by wars, (b) employment fluctuations due to economic cries and expansion, and (c) unwillingness of nationals to take the jobs that have little prestige, much risk and few opportunities for promotion (Kuhn 1978, 221). Nevertheless, foreign workers were not allowed or expected to stay permanently. Therefore, they were not considered to be either migrants or immigrants - but foreigners. Due to the discrepancies between the government and employers as well as the ineffective regulations, many foreign workers have stayed behind rather than being deported. Even though the number of foreign workers has been rising,[149] the German government has declined to deal with their settlement needs or problems. Such an apathetic and impervious attitude is further manifested in the subsequent legislation and policies on long-settled foreign workers.

Migration of Turks to Germany

Turkey has largely been considered a country of emigration throughout the twentieth century. Its emigration to Europe dates back to the economic boom of the receiving countries in the 1950s and Turkey saw this as an opportunity to relieve domestic unemployment pressure and obtain remittances from workers abroad. Also the workers were assumed to come back to Turkey with new skills and then help transform the agricultural economy into an industrial one. The first bilateral agreement was signed with Germany in 1961 and was followed by agreements with

[147] The Act to Control and Restrict Immigration and to Regulate the Residence and Integration of EU Citizens and Foreigners grants an unlimited settlement permit for those who seek self-employment and those who are highly-skilled people with special technical knowledge or professional experience (El-Cherkeh and Tolciu 2009, 9-10).
[148] Therefore, the German government have made migrant labour a manageable and accessible resource for economic purposes (Esser and Korte 1985, 170; Herbert 1990, 214-215; Joppke 1999, 67).
[149] By 1990, over five million migrants claimed permanent resident status and that has made West Germany home to the largest foreign population in Europe (Chin 2007, 3).

Austria, the Netherlands and Belgium in 1964, France in 1965, Sweden and Australia in 1967. [150]

The migration and residence of Turks in Europe is crucial because they are the largest migration stream in post-war Europe (Moch 1992, 185). Between 1961 and 1975 almost one million Turkish workers went to work in Western European countries (Martin 1991, 21). However, Turkish immigrants did not join the post-war flow of workers in the late 1950s. One reason is that Turkey has lacked free access to the European labour market or freedom of movement within the European Communities countries. Also, Turkey lacked the colonial ties with Europe (İçduygu and Sert 2009, 2). Without a colonist-colonised relationship, it has made Turkish migrants disperse all over Western Europe including Germany, France, Britain, the Netherlands, Belgium, Switzerland, Denmark and Sweden (Argun 2003, xi).

Turkey has promoted the emigration of workers to the members of the EC, however, the expected out-come was not realised. It applied for associate membership in the EC in 1959 and signed the Ankara Agreement in 1963. This was followed by the establishment of a timetable for the reduction of trade barriers between Turkey and the EC by the Additional Protocol in 1973. If Turkey could lower the tariffs or quotas on goods as scheduled, it would have as a consequence free access to the EC labour market by December 1986. However, as Turkey announced that it could not fulfil the requirements in 1976, the European Parliament persuaded the EC commission to suspend EC-Turkish relations (İçduygu and Sert 2009, 2). On 14 April 1987, Turkey submitted its application for formal membership into the EC. Nevertheless, the European Commission deterred the application because of the unfavourable economic conditions, for example, Turkey had difficulties in maintaining a stable currency in the face of high inflation and substantial debts. Although the economy of Turkey was benefited and sustained by remittances, Turkish workers were deported or rejected during the economic downturn in Western Europe simply due to the fact that Turkey was not a member of the EC (Martin 1991, 3-5).

[150] Similar agreements were also signed with the United Kingdom in 1961, Switzerland in 1971, Denmark in 1973 and Norway in 1981 (İçduygu and Sert 2009, 2).

Turkish migration to Europe was first and foremost migration to West Germany. Historically, Turkey and Germany have had relatively cordial relations. Turkey was a strategically located ally and the labour force of Turkey was underemployed. Moreover, since the rapid economic growth and reduction of ethnic Germans from the east after the construction of the Berlin Wall, Germany recruited a large amount of workforce from Turkey. Over 8,700 Turks entered Germany when the government signed the bilateral agreement in 1961. It then grew to 72,476 in 1965 (Moch 1992, 186). By 1966, there were 161,000 Turkish workers in Germany compared to 14,500 in the Netherlands. Approximately 80 per cent of the total population of Turkish guest workers emigrated to Germany between 1968 and 1973. The workers were predominantly males (born between 1935 and 1955) and approximately 25 per cent was females (Martin 1991, 21, 24; Mushaben 2006, 204). Most of the Turkish migrant workers were given contracts in which duration and type of job were designed (Stowasser 2002, 59), and were assigned and restricted to un- or semi-skilled jobs in heavy industry (Bender and Seifert 1998, 98). Women workers were recruited for electronics, textile and garment industry in the late 1960s.[151] It has been suggested that Turkish women left home and worked overseas for their family. If they took up the jobs abroad, they could secure positions for their male relatives (fathers, husbands or brothers) at a time when jobs for males were declining. Also, they could obtain dependent visas for their family members (Moch 1992, 186-187).

The migration of Turkish workers to Europe obscured a trend of family reunification and extension of stay in the late 1960s and early 1970s.[152] A study has found that approximately 30 per cent of the migrants had their families with them in Germany in 1964 but the figure rose to more than 50 per cent in 1972. Under the influence of economic recession in 1973, Germany decided to reduce the number of foreign workers by putting a ban on all further migrants from non-EC countries, and suspending all former recruitment agreements (Martin 1991, 25-26; Yigit 1997, 4). The stoppage did help prevent foreign workers from flowing in but could not make

[151] Between 1960 and 1973, the number of foreign female workers in the FRG radically increased because there was a great demand for labour in the textiles, clothing, food, electronic and hospitality industries. The need was not met by Germany women as they believed that working outside would threaten their ability to bear and care for children. On the contrary, foreign female workers were presumably more willing to work overtime and work in shifts (Chin 2007, 40).

[152] Once employers successfully lobbied for extended contracts, many migrant workers found apartments with limited facilities, brought over their wives and children (Mushaben 2006, 205).

the guest workers like Turks return home. In fact many Turkish workers refused to leave the country for fear of being denied re-entry. Moreover, they intended to get rid of the poverty and unemployment in Turkey. Thus, they began to bring their families to join them and ultimately this led to an upsurge in family union (Hollifield 1997, 36-37; Moch 1992, 186). By 1974 there were one million Turks in Germany with 60 per cent workers, 20 per cent children and 20 per cent unemployed spouses and other dependents (Penninx 1982, 788). The Turkish guest workers have become either long term or permanent workers in Germany since (Bade 1985, 138).

Migration into Germany was a temporary measure to earn sufficient money to succeed back in Turkey, therefore Germany, for first generation Turks, was a place to live, not a home for first generation Turks. Annual visits to, and purchase of houses in Turkey were very common practices among Turkish immigrants. Nevertheless, as the first generation reaches retirement age, they find it difficult or even impossible to return to their homeland. There are many reasons[153] for remaining in Germany but the most important fact is that their off-spring have no intention of leaving because they are more familiar with German culture and values than those of Turkey (Kolinsky 2002, 210). According to Auswärtiges Amt (2010), there are now approximately three million people of Turkish origin in Germany.

The attitude of Germany towards migrant workers has been ambivalent. They have encouraged them to return, dealt with those who have settled in, and restricted further immigration simultaneously. Without doubt, the contradictions among these polices have prevented them from being fulfilled. For, example, the 1973 recruitment halt did not reduce but contrarily it increased the foreign population (Martin 1991, 83). In spite of the fact that many Turkish migrant workers who chose to stay behind, the German government has not provided training or services for them to integrate into the society. Rather, Turkish migrants have to struggle with the bureaucracy in order to satisfy specific requirement for better jobs (Seifert 1996). Consequently, many of them became vulnerable to unemployment in the early 1980s (Stowasser 2002, 59).

[153] There are many reasons for residing in Germany. For example, those family members and friends who lived in Turkey at the time of migration may no longer be. Turkey itself has markedly changed and to return would mean moving to an unfamiliar country. Also, social services and medical care in Turkey are comparatively inadequate and incomprehensive. This means individuals may be poorly supported in their old age (Kolinsky 2002, 210).

The indifferent approach of the German government on the settlement of migrant is not taking place in a vacuum. It has been strongly affected and shaped by long-established attitudes towards foreigners. The following will discuss the legal hindrances imposed on foreigners/migrants entrepreneurs and relevant social policies.

Legislation and policies on migrant/foreigner

As the German government has been reluctant to admit that Germany is a country of immigration, the legal framework has been designed to give authorities the greatest possible flexibility in controlling the migrant workers and their rights (Castles 1985, 522; Castles and Miller 1998, 60). The ambiguous attitude is further intensified by the German terminology used. As noticed earlier, foreign workers in Germany have been regarded as – expressed in German as foreigners, in the German expression is *Ausländer*.[154] By definition it applies to people whose centre of lives are outside the country of residence. However, most foreigners in Germany have spent a large proportion of their lives in Germany. Corresponding with the ideology, migrants in Germany were governed by the Aliens Act before the first immigration policy was introduced. They lacked the political rights and social equality normally associated with the status of citizenship (Marshall 2000, 140). The following section will elaborate on the legal status, citizenship, civil rights and access to welfare provision of migrants in detail.

Residence permit

Historically, regulations on foreign workers were obtained by reactivating the decrees made by the Nazis in the 1930s, in particular the *Ausländerpolizeiverordung* (the Foreigners Police Decree) of 1938 (Dohse 1981). The order did not confer rights on migrants but merely permitted them to stay in the country. It, in fact, kept migrants under strict control and in a state of dependence and insecurity (Castles 1985, 522).

[154] In the 1980s the official terminology was changed to *Ausländische Mitbürger* (foreign co-citizens). However, in reality, foreigners have not been what the name tried to suggest: co-citizens (Marshall 2000, 140).

Subsequently, the government passed several laws which regulated labour migration and the status of migrant workers.

In 1965, the Nazi regulations were replaced by a new law. The *Ausländergesetz* (the Aliens Act/Foreigners Law) did not include a right of residence but stated that a residence permit might be granted only when it was compatible with the interests of the FRG (Castles 1985, 522). Compared to the Foreigners Police Decree, the new law shifted the entry and stays of foreigner contingent upon their subjective worthiness to the objective criterion of state interest (Joppke 1999, 66). In parallel, the aim of the Aliens Act of 1965 was to make labour migration more flexible and adaptable to the needs of the state (Meyers 2004, 127). According to the law, residence permits were valid for periods ranging from two to five years, and were granted on the basis of possession of a work permit. This was consistent with the principle of rotation of worker (Collinson 1994, 48). The Act excluded foreigners from the right of freedom of assembly and association, freedom of movement, free choice of occupation and workplace (Castles 1985, 522). [155] Considerable administrative discretion in the issue and renewal of residence and work permits were allowed (Collinson 1994, 98-99). In sum, the new law offered a conditional official status to foreigner but lacked the provision for 'more-than-temporary stays' as well as rules for family reunification (Joppke 1999, 66-67).

Not until 1978, conditions of the issue of unrestricted residence permits were stipulated by the *Verfestigungsregelung* (the permanence regulation). For instance, a residence entitlement could be granted after five years of continuous residence. Nevertheless, the new rules did not amount to the right of foreigners (Joppke 1999, 66-67). [156] In addition, the Labour Promotion Act of 1969 and the Work Permits Decree of 1971 sought to control the labour recruitment by setting out rules to govern the issue of work permits based on market demand (Meyers 2004, 127).

[155] The Act is found in *Allgemeine Verwaltungsvorschrift zur Ausführung des Ausländergesetzes*, para 6 (Castles 1985, 522).

[156] Although migrant workers had no right to stay according to the Foreigners Law and the logic of a guest worker regime, it is worth noting that some of them have been granted the permanent stay by independent courts. Activist courts have expansively interpreted and defended the right of foreigners on the basis of the German Basic Law (for details, see Joppke 1999, 69-75), granting the most fundamental rights without respect to nationality. In other words, the Basic Law considers the interests of migrants to be a priority over the state interests (Joppke 1999, 69, 98).

According to Castles (1985, 517-534), the first official attempt to encourage integration was in the form of the 1973 Action Programme for the Employment of Immigrant Labour. The aim of this attempt was the creation of, by 1975, a committee responsible for formulating guidelines for an immigration policy. The committee issued a report which called for priority to be given to economic aspects of immigration while demanding stronger promotion of return migration in a sense that the focus was on 'assimilate or return' (Collinson 1994, 98). Until 1979, the government began to give some serious thought to the integration of the minorities. The first *Beauftragter zur Förderung der Integration der ausländischen Arbeitnehmer und ihrer Familienangehörigen* (The Ombudsman for the Advancement of the Integration of Foreign Workers and their Families), Kühn from the Social Democratic Party, proposed comprehensive integration measures in his report. It consisted of the right to naturalisation for second generation foreigners and the right to vote in local elections in 1979. Unfortunately the proposal was opposed by the coalition government of Christian-Democratic Union of Germany (CDU) and Christian Social Union of Bavaria (CSU), and only the recommendation of granting second generation foreigners the right to naturalise was accepted (Marshall 2000, 13). In brief, legislation on foreigners and migrant workers from 1965 to 1990 was related to changes of the status of administrative rule but not the status of law (Joppke 1999, 68). Furthermore, the policy was guided by an *ad hoc* decision by the Conference of Interior Ministers and recommendations by the Cabinet (Meier-Braun 1988, 59).

In 1990/1991 the government, under Kohl, enacted a new law which replaced the 1965 Aliens Act/Foreigners Law. It regulated immigration and guaranteed the returned migrants permanent residence status. Foreigners residing in Germany for fifteen years were entitled to naturalise but the naturalisation had to be actioned by 1995 (Borkert and Bosswick 2007, 6). This was followed by significant changes in the immigration policy in Germany from the 2000s. The Minister of Interior, Otto Schily, initiated reforms in the legislation of foreigner and set up an independent commission[157] for proposal development. According to the report of the commission, immigration was a necessity for economic and demographic purposes. Thus, the

[157] The commission involved politicians, representatives of churches, unions, industry associations and experts (Zuwanderungskommission 2001).

introduction of a point system similar to the Canadian model was recommended.[158] Shortly after the presentation of the report, Schily prepared a proposal but he only partly followed the recommendations of the commission. The proposal aroused prolonged controversies and was ruled against by the conservative opposition parties. After lengthy negotiations, it came into force on 1 January 2005.

The new, and presently existing law was innovative in a sense that it reduced the various residence titles to two categories, including (a) a limited residence permit and (b) an unlimited settlement permit. Moreover, new immigrants with permanent residency, as a result, allowed to participate in integration courses[159] funded by the Federal government. The bureaucratic application process for residence and work permits was simplified and replaced by a single procedure. The former Federal Office for the Recognition of Foreign Refugees (BAFI) was renamed to become 'Federal Office for Immigration and Refugees' (BAMF). It administered the implementation of the new law at the federal level in cooperation with local institutions (Borkert and Bosswick 2007, 8-10). [160]

Citizenship

Entitlement to citizenship is one of the manifestations that relates to the historical experiences of the formation of a nation-state. When the German Empire emerged as the first modern German state in 1871, nationality was defined through ethnicity as illustrated by language and culture. Today German citizenship is still based on the principle of *ius sanguinis* (law of the blood), and it is granted dependent on descent. For this reason, there have been two separate legal frameworks in Germany. The first has been applied to people who are able to claim German, for instance, post-1945

[158] The commission also suggested the establishment of a Federal Office for Immigration and Integration and its aim was to coordinate immigration and refugee protection (Borkert and Bosswick 2007, 8).

[159] Under certain conditions, participation in the integration courses is mandatory for long-term residents receiving welfare payment or migrants classified as 'in special need of integration'. The compulsory integration courses not only teach the German language, but also deliver knowledge of the law, culture and German history (Roemhild 2005, 3). On the other hand, ethnic German immigrants and their family members are acquired to have basic German language skills before entering Germany (Borkert and Bosswick 2007, 9).

[160] With the new law, one of the integration measures was the obligatory 600 hours of language training for newcomers. Also, the Federal Office for Migration and Refugees started pilot integration programmes at the local level, cooperating with non-governmental organisations that had long experiences in integration programmes (Borkert and Bosswick 2007, 15).

expellees and refugees as well as people of German origin from East and Southeast Europe including those from the former Soviet Union. All these people have not been considered foreigners, and have been granted German citizenship (Castles and Miller 1993, 115-116).

The second policy has been pertinent to foreign workers and non-German refugees (Castles and Miller 1993, 116). They could only become German for at least 15 years at the discretion of the German authorities and their applications for naturalisation are subject to strict criteria. For instance, their application could be rejected if they committed a felony, had less than six years of schooling, did not have a fixed place of residence, were unemployed, had received welfare payments, or had an insufficient knowledge of the German language. They were also rejected if local authorities deemed naturalisation to be not in the public interest. Furthermore, the applicants had to renounce their allegiance to their native country (Martin 1995, 209). [161] Since the naturalisation requirements and procedures are rigid and cumbersome, the rate of naturalisation has been low (Castles and Miller 1993, 116; Koopmans 1999, 633).

Nevertheless, when the Social Democratic Party (SPD)/Green coalition was in office (1998-2005), they amended the citizenship adhered to the definition of ethnicity. The government coalition proposed the dual citizenship and wanted to ease naturalisation requirements by introducing *ius soli* (the law of the birthplace/soil) to children of foreigners born in Germany, and reducing the residence time span requirement from 15 to 8 years of legal residence. However, the intended policy was misused by the CDU in the 1999 election[162] and the dual citizenship policy was taken out of the bill (Borkert and Bosswick 2007, 13-14). Finally, off-spring of immigrants

[161] However, this does not apply to nationals of formerly German territories in Eastern Europe and of the former Soviet Union (Marshall 2000, 141).

[162] In an attempt to mobilise support after the election defeat in September 1998, the CDU/CSU held a campaign to collect signatures of those opposing the proposed dual nationalisty/citizenship. Under the slogan of 'For integration- against dual nationality', over one million signatures were claimed to be collected from the beginning of the campaign (24 January) to the date of Land election in Hesse (7 February). With the anti-foreigner sentiments by the churches and non-governmental organisations, the campaign found to be effective. Finally, it brought the CDU gains of 4 per cent in the Hesse vote but the Greens devastatingly lost. With the losses of its majority in the Bundesrat, the original proposal of dual citizenship was turned down (Marshall 2000, 151-152).

born in Germany have automatically become German nationals at birth but have to forgo the nationality of their parents at the age of maturity.[163]

Social service provision

The practice of return migration has exemplified the perception that foreign labour is a disposable commodity without social reproduction and education costs (Katzenstein 1987, 221), and hence, it is not surprising that the well being of migrant workers has been ignored. In the early period of the arrival of foreign workers, the Federal Labour Office was responsible to grant work permits whereas the police issued temporary residence permits. The latter was intended to keep foreign workers under surveillance and to deport those who offended against the rules. Accommodation was managed by the personnel department of the employers.

Social services were in the main provided by religious and charitable organisations funded by the government (Castles and Kosack 1973). Foreign workers were guaranteed equal rights to work but were excluded from some welfare rights. For instance, contributory social insurance in the form of unemployment or sickness insurance was provided to foreign workers relative to their contributions (Heinelt 1993, 87-93). However, the application for social security payment on long term unemployment or disability could lead to deportation (Castles and Miller 1998, 229). Also, although all foreign labourers had the right to vote in union elections, migrant workers from the non-EEC countries were forbidden to stand as candidates (Castles and Kosack 1973, 130-131).

In 1978, the German parliament was aware of the conflicts among migrants which was due to problems with their housing, medical service and education. Thus, governmental department responsible for the integration of foreign workers has been established (Borkert and Bosswick 2007, 5). Unfortunately, it is powerless as it has

[163] The new law that residency of new citizens reduced to eight years and limited dual citizenship to foreign children born in Germany granted under certain conditions has opened the door to citizenship for 900,000 Turks (Stowasser 2002, 56). For details of the political debate on granting German citizenship to foreigners, see Marshall (2000, 144-152).

almost no staff or funds. Nevertheless, there are 'commissions for foreigners' or 'offices for multicultural affairs' in Berlin and Frankfurt which are composed of large ethnic community population (Castles and Miller 1993, 121). During the nineties, a large share of foreign migration population received support for transition into labour market, language acquisition and vocational training at the local level although services were not explicitly directed towards them (Borkert and Bosswick 2007, 14).[164]

In summary, due to the reluctance of the government to recognise the pragmatic needs of migrants and the struggle of political powers, scanty policies on migrants have been found in Germany (Borkert and Bosswick 2002, 22). Restrictive measures on residence permit and citizenship have excluded migrants from equal access to political participation, social service provision and opportunities in the labour market. Given such unfavourable conditions, migrants in Germany have not been equipped to gain economic independence. On the contrary, labour migrants have played a prime role in the economic development of Germany for centuries (Leung 2007, 465). In particular, Turkish businesses have been growing in terms of numbers and diversity.

Emergence of Turkish migrant business in Germany

The first wave (1960-1973) of Turkish migrants[165] was relatively poorly skilled and uneducated, and they were mostly labouring in manufacturing and construction

[164] Recently, the Zuwanderungsgesetz (the Immigration Act of 2004) made up of several acts and amendments to legislation in which a new concept of managed migration on residence, economic activity and integration of foreigners has been created. The purpose of the Act is to control the influx of foreigners and organise immigration in accordance with the integration capacity and the economic interests of the country. However, little is known concerning the effects of the Act as it has entered into force in 2005 (Hailbronner 2007, 3).

[165] Migrant is used here rather than immigrant because (a) Germany has repeatedly claimed that it is not a country of immigration, and migration was never intended to become immigration in the country. (b) Since Turkey is not a member state of the EU, Turks have been treated differently in terms of their rights, legal status and social position. Even now they are eligible to apply for unlimited residence permits, they are generally regarded as migrants but not immigrants who are supposed to integrate into the host society in every aspect. (c) The naturalisation rate of Turks is low. Many of them are holding Turkish passports. In reality, the situation of Turks in Germany is complicated owing to the historical and political factors. It is hardly clear-cut to state that they are migrants or immigrants. However, they are identified as migrants in this study based on the above observation and reasonings. Also, Turkish migrants or Turks in the study refer to those people who are originally from Turkey or whose parents are from Turkey. There are at least 30 different ethnic or ethno-religious groups in Turkey (Savvidis

(Panayi 2000, 82). Nevertheless, some of them began creating small companies and business activities as early as in the 1960s. According to Wilpert (2003), Turkish entrepreneurs perceived a demand for cultural products among the newly arriving workers from Turkey, for instance, lamb (halal) meat and vegetables from Turkey. At the end of 1968, the first Turkish butcher shop opened in Berlin.

The original impetus for ethnic business was stimulated by demands for cultural products. The first business initiatives of Turks relied on products which the German market could not provide for their fellow countrymen (Gitmez and Wilpert 1987). For example, Muslim meat sellers had a competitive advantage over German shops because, in the beginning, meat was brought from ordinary slaughterhouses and the distributors were Turks only. From 1970 onward businesses, for example, tourist agencies[166] and import-export shops,[167] have sprouted. Some of them have moved from retail to wholesale businesses.[168] In 1984, there were approximately 3,000 Turkish owned companies (Wilpert 2003, 251-252).

A diversification of sectoral participation in business and the ambition of entrepreneurs of Turkish origin have been witnessed. For example, Turks invented new sausages which were produced in Köln and sold in Turkey. In addition to new products, Turkish migrants have created new markets and served beyond ethnic clientele. For instance, some travel agencies have served the needs of German customers and correspondingly, Germans have become their main clientele.[169] Apart from these, some Turkish owners in Berlin have developed wholesale businesses and set up retail stores obligated to them. Research has indicated that Turkish migrants choose to establish their own businesses because they can achieve greater autonomy, social mobility, social recognition and self-fulfilment (Wilpert 2003, 247-249, 252-253, 255).[170] Between the periods of 1985 and 2000, the number of Turkish

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2008, 249). Taking into account the scope of the study, Turks are used here in spite of their ethnic and cultural diversity.

[166] In the early days, travel agencies were multi-functional. They provided translation service for the Turkish workers (Gitmez and Wilpert 1987, 102).

[167] For example, they sold Turkish music and video-cassettes (Gitmez and Wilpert 1987, 103)

[168] The first Turkish grocery expanded to a small wholesale company in 1971 (Gitmez and Wilpert 1987, 102)

[169] Wilpert (2003) has found that about one-fifth of Turkish firms were providing services for Germans.

[170] Research on the business activities of descendants of Turkish migrants has been limited in Germany. Constant, Shachmurove and Zimmermann (2003, 2005) have outlined the characteristics of self-

entrepreneurs rose from 22,000 to 59,500 (Ozyurt 2004). According to 2008 figures, there were about 72,000 Turkish entrepreneurs in Germany with eight billion Euros in total investment (Hava 2009). This suggests that the population of Turkish entrepreneurs has increased remarkably and they have made considerable economic contribution to the German society.

Emergence of Turkish transnational business within an international institutional framework

The significant economic contribution of Turks not only refers to the long-established success of catering services, but also to the contemporary expansion of the Turkish enterprise in Germany. There has been a growing number of Turkish migrants who have expanded their businesses to the international market. According to Pécoud (2002, 4), one of the trends of 'Turkish economy' is internationalism which means emergence of the new form of transnational business practice is initiated and facilitated by cheap labour in Turkey and the growth of international trade. The author suggests that Turks now participate in diverse sectors of the Germany economy which includes highly successful and competitive industries like software and new technologies, such group of Turkish businessmen is referred to 'an elite' (Pécoud 2004). Similarly, Mushaben (2006) has stated that many Turkish enterprises have

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employed Turks, including their weekly wages, length of stay and types of self-employment. They have also analysed the relationship of the probability of becoming self-employed among various variables such as level of education, age and marital status. The data of the study were drawn from the German Socioeconomic Panel (GSOEP) 2000. However, the samples were not divided into the first and the second generation Turks. Hence it is hard to understand generational differences. Apart from this, the types of self-employment of the respondents were oversimplified as they were categorized into four broad groups, namely small and larger scale farming, free-lance professionals, working in other business and working in family business. Although the findings of the study provide a profile of the characteristics of Turkish immigrants and their entrepreneurial behaviour, they tend to be general and informative. More recently, a study by Mushaben (2006) has examined the generational changes of Turkish-German population in terms of their level of education attainment, employment opportunities and odds of entrepreneurship. The author has discussed the difficulties faced by the Turkish businessmen in food sector in Berlin based on the research by Seidel-Pielen (1996). Though Mushaben (2006) has provided a summary of the size and scope of ethnic enterprises, the data were not latest but from the survey conducted by the *Zentrum für Türkeistudien* (ZTS) (the centre of Turkish studies) in 1994. In addition, the study concentrates on catering services especially *döner* business. Thus, it just partially depicts the situation of Turkish self-employers in Germany as Turks have also involved in trade, craftsmanship and service-related business. On the contrary, the survey conducted by the Center for Studies on Turkey (TAM) between June and July in 2005 (Ozyurt 2004) has comprehensively uncovered the number, size, amount of investment and reasons for the growth of Turkish entrepreneurs in Germany. Unfortunately, the findings have not recognized the significant variations within Turkish business groups.

moved beyond ethnic niches, and some of them possess an intercultural competence that contributes to the national economy.[171]

Likewise, Faist (1999, 2000) has found that a small group of Turkish entrepreneurs have moved their textile production to Turkey but retained the sales and distribution centres in Germany as the production costs are lower in Turkey, by using their language skills and social ties in Turkey to gain a foothold in a transnational market. The author has emphasised that social capital is of utmost importance in lower transaction costs. For example, Turkish entrepreneurs have utilised their social capital to circumvent costly formal contracts in dealing with Turkish authorities when they establish production facilities. [172] Apart from the informal resources, the international institutional factors have played a crucial part in the development of textile and garment industries although the author has not examined them thoroughly.

Historically, the textiles and garments industries are the most geographically dispersed across the industrialised and less industrialised countries. For example, China has been the largest employment in the textiles industry in the world. This is followed by India. Nevertheless, garment manufacture remains important in the United Kingdom, France, Italy, Romania and Poland. The widespread distribution is further upheld by prevailing subcontracting. For example, given the specific technological and organisational characteristics, the design and the cutting processes of the garments industry are performed separately from the sewing process while the latter is being subcontracted (Dicken 2003, 317-320).

In addition to the geography of the textiles-garments production, the labour cost of the industries is geographically varied. There is substantial labour cost differentiation between countries, and this is always a major reason for the shift of production as textiles and garments are labour-intensive industries. It has been found that less industrialised countries have a labour cost advantage over the industrialised ones. In particular, the consideration of labour cost is vital in the production of

[171] Constant, Shachmurove and Zimmermann (2003) have also proposed that Turks seem to exhibit special entrepreneurial activities in their report.
[172] For reference, Leung (2004) has found that the Taiwanese owned computer wholesale and retailers as well as Chinese travel agencies in Germany have shown the transnational characteristics of migrant business.

standardised items at bargain prices. On the other hand, geographical proximity to the market is critical to fashion garments, and hence, many garment manufacturing plants choose to locate in low-cost regions, for example, Central and Eastern European countries as it is close to the big consumer market of Europe (Dicken 2003, 331).

At a macro level, the implementation of the international regulatory agreements has changed the global pattern of trade, and it makes no exception that the textiles and garments industries have been influenced. Within the Multi-Fibre Arrangement (MFA), [173] quotas limits were imposed on the quantity of textiles and garments that could be exported from one country to another. The first MFA was negotiated in 1973 and its influence lasted until 2004. During the twenty years, those less industrialised countries suffered the most as their exports were strictly restricted (Dicken 2003, 337-338).

With keen competition in the world market, textile firms either supply markets on the basis of low-cost labour in offshore locations, or produce small quantities of specialised items for specific markets in order to survive. For instance, they produce high-quality items and sell them at a premium price to offset the additional costs of shifting locations. In fact, the adoption of offshore production has been pronounced in German companies. Many German firms have focused on offshore production and subcontracting in Eastern Europe, North Africa and the Mediterranean (Dicken 2003, 340-343).

Traditionally, the textiles and garments industries are among the oldest manufacturing production in Germany but have declined in terms of the number of employees and firms. In 1995, there were more than 256,000 employees in 2,372 textile firms. However, these numbers dropped to 139,000 and 1,288 firms in 2004 respectively (Hausding and Cherif 2008, 58). Today some clusters can still be found in eastern Westphalia, the lower Rhine, the Ruhr District, Baden-Wurttemberg and southern Saxony. Nevertheless, they all have lost their former significance.

[173] The global quota system in textiles and garments was initially negotiated under the auspices of the GATT in 1962. This agreement was extended and modified in 1974, known as the Multfibre Arrangement (MFA). Under the MFA, quota limitations on import between pairs of importing and exporting countries over a five-year period. Firms from countries which have exhausted their quotas have to search other countries to benefit from their available quotas (Dayaratna-Banda and Whalley 2007, 31-32).

Thousands of firms have been forced to close down or reduce employment owing to the high production costs, namely - high wage level [174] and high social benefit provision. [175] Relocation to other countries where labour is less expensive has been a strategy for survival. Accordingly, many German producers or entrepreneurs have established manufacturing plants in Eastern Europe or Asia whereas they keep the technology-intensive refining processes and the automated production of specialised textiles in Germany (Bathelt, Wiseman and Zakrzewski 2001). [176] Roughly 70 per cent of all West German garments companies were involved in some kind of offshore production by the 1970s while more than 80 per cent of all German garments imports manufactured under subcontracting arrangements came from the former East Germany, Poland, Hungary, Romania and Bulgaria (Dicken 2003, 343).

Consideration of the macro changes of the textile and garment industries, explains why Turkish migrant entrepreneurs have appeared to establish wholesale and retail distributors in Germany while setting up the manufacturing plants in Turkey. The reason for choosing Turkey is also understandable as Turkey is one of the important textile and garment producers and exporters in the world. The success of the industries largely lies in the low labour cost, relatively cheap raw material, liberalised economic and export-led policies in the last two decades. [177] With the measures of tax returns, tax exemption, subsidisation, short term loans [178] and flexible exchange rates, [179] exports have expanded remarkably in Turkey. Among others, the performance of the Turkish exports of textiles, clothing as well as iron and steel has been outstanding (Aricanli and Rodrik 1990, 1347, 1349).

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[174] According to Bronk (2000, 13-14), the high wage rate has been due to the high degree of employment protection in Germany, in which an 'insider-outsider' problem is created in the labour market in order to prevent the wages of the employed being bid down to price the unemployed back to work.

[175] Germany as a welfare state pioneered by Bismarck, has offered generous health care, state pensions and unemployment insurance financed by payroll taxes rather than income tax. Until the 1980s, this system worked well as there was no discernible cost. However, in recent years, the model has proved to deter foreign investment because of the high labour cost (Economist 2003, 369 (8346): 49-51).

[176] For example, Puma has moved to the Czech Republic (Bloch 1999, 289-290).

[177] Owing to the internal inability to deal with economic policy errors, debt crises and oil price shock, Turkey has shifted to a liberalised economic model supported by the IMF and the World Bank since 1980 (Sayek and Selover 2002, 208, 214-215). The long term goal of such reform is to restructure the Turkish economy so as to reach the standards of the EU by changing from a government controlled economy to a market-oriented system, emphasizing a complete liberalisation and deregulation of both goods and capital markets (Müftüler 1995, 86, 91).

[178] In 1986, an interbank money market for short-term loans facilities was opened (Sayek and Selover 2002, 211).

[179] A flexible exchange rate policy has been introduced because overvalued exchange rates hampered exports and created excess domestic demand (Aricanli and Rodrik 1990, 1344).

To summarise, the development of Turkish transnational business practice in Germany results from interplay between structural factors and global changes. First, the inflow of Turkish migrant workers is not merely a coincidence. Due to the economic recovery and expansion of Germany and the unstable political and economic conditions of Turkey, many Turks enter and stay in Germany. Second, in spite of the legal impediments to self-employment, many Turkish migrants are able to overcome them gradually, for example, by actively and quickly responding to the changing needs and conditions of globalising market.

Chapter Seven-Discussion: Characteristics and determinants of Turkish transnational entrepreneurship in Germany

The previous chapter has revealed that transnational economic enterprises are witnessed among Turkish population. Accordingly, the present study has investigated the transnational economic practices of Turkish entrepreneurs and their determinants. The data and information obtained is from the interview, literature review, policy evaluation and corporation report analysis. With regard to the methodology, the study has adopted qualitative research involving literature review, policy evaluation, in-depth interview and corporation report analysis.

The results of the study are insightful. Turkish transnational entrepreneurs have engaged in various types of industries. Many of them are well-educated, particularly those whose business is related to technology. All enterprises were established between the 1980s and the 1990s except the flight service which started in the late 1960s. The headquarters are mostly located in major cities of Germany with a high population of foreigner/migrant. The subsidiaries of their corporations are found all over the world but not all of them set up a branch office in Turkey. Locations of their manufacturing plants are principally in Eastern Europe, Southeast Asia, North Africa and the Middle East. Their clientele is worldwide.

Some of the Turkish transnational entrepreneurs have connections with business associations in Germany, for instance, Türkisch-Deutsche Industrie- und Handelskammer (TD-IHK) (The Turkish-German Chamber of Industry and Commerce) or organisations in Europe such as the Association of Turkish Businessmen and Industrialists in Europe (ATİAD).[180] Nevertheless, membership of associations in Turkey is rare. Family businesses are not prominent but some of the transnational entrepreneurs are running a business with siblings. [181]

Among the Turkish transnational entrepreneurs in the study, an enterprise involving in textile industry is an exemplar of transnational business practice.

[180] The ATİAD in full is Avrupa Türk İşadamları ve Sanayicileri Derneği in Turkish, translated into German is Türkischer Unternehmer und Industrieller in Europa.
[181] An overview of the findings can be found in Appendix D.

Compared to the immigrant entrepreneurs in Britain and the United States, the Turkish transnational entrepreneur mentioned here was not a contractor or subcontractor in the garment industry in the first place. He was an owner of a gift shop selling Turkish made T-shirts to college and university students. Nowadays, he has 18 textile factories in Turkey which produce clothes for sale across Europe and in the United States. Specifically, he has established about 300 retail outlets in Germany (Echikson *et al.* 2000).

In respect to the hypotheses formulated in the introduction, all of them are proved based on the findings.

Hypothesis 1: Turkish transnational entrepreneurs[182] have received meagre assistance from the German government

The first hypothesis is based on the indication that Germany has been reluctant to admit or deny that it is an immigration country, and such a sluggish attitude has made the country respond to the needs of the migrants slowly and passively. As stated in the previous chapters, the recruitment of foreign workers was a provisional solution to labour shortage in Germany. Thus, the workers are regarded as foreigners with limited rights, restricted access to both welfare provision and employment opportunities. Even whilst the population of foreign workers has continued to grow, the government has barely recognised its wide-ranging consequences. As a result, feeble comprehensive immigration or integration policies have been implemented. Although the government has organised piecemeal programmes when the problem of unemployment became evident since the late 1980s, the projects have not been targeted towards migrants but to the unemployed.

In Germany, the economic opportunity of foreign nationals has been substantially influenced by the legal and political system of the government (Waldinger *et al*. 1990, 178). The *Gewerbeordnung* (the Trade, Commerce and Industry Regulation Act) normalises the taking up of self-employment activities as

[182] Turkish transnational entrepreneurs in the study include those Turks born in Turkey and who came to Germany in the 1960s or later, and those whose parents are Turkish. They were either born in Germany and reside here or born in Turkey but arrive in Germany and stay behind.

well as establishing of their own enterprises in the country. Subject to § 1 *Gewerbeordnung*, everyone is permitted to engage in entrepreneurial activities as long as no exemptions are granted or restrictions are regulated by law. The basic principle of economic freedom derived from Article 112 of the Constitution of Germany, applies only to German nationals. Those foreigners who intend to have their own business are subject to the *Ausländergesetz* (the Foreigners Act), which stipulates that the preconditions have to be fulfilled. According to the Act, immigrants from the EU member states are on equal terms with German entrepreneurs whereas those from non-EU countries are restricted on the right to freely choose occupational status and place of work (Fertala 2006, 28-30).

The level of regulations on migrant entrepreneurship in Germany depends on the nationality of the migrant, the duration of stay in the country and the kind of business involved. Freedom of business or entrepreneurial activities has been granted to Germans and citizens from the EU countries only. People without German residence permits or with temporarily limited permits, have been prohibited from engaging in self-employment with reference to the Alien Law of 1965 (Kontos 2007, 446-447). This is parallel to the idea of labour rotation as self-employment has been assumed to promote a permanent stay (Kontos 1997). In some cases, applying for permission is possible but the decision process is discretionary. The decision relies on various factors including the economic contribution of the proposed business and the nationality of the applicant. The application is processed by the *Industrie-und Handelskammern* (IHKS) (the Chamber of Industry and Commerce) or the *Handwerkskammer* (the Chamber of Craft Trades) (Evangelisch-lutheranisches Industriepfarramt 1999). For business registration, it must be authorised by the police (Blasche and Ersöz 1986, 40). In the case of Turkish immigrants, almost all of them were banned from establishing business and only a small group of immigrants first opened their business at the end of 1960s (Pütz, Schreiber and Welpe 2007, 494).

Apart from the legal structure, the institutional setting of a country can encumber or empower entrepreneurship. According to Esping-Andersen (2007), different welfare regimes determine various labour market structures and hence affect the incentives and opportunities for self-employment. Germany belongs to the continental European or conservative welfare state marked by a high level of state

intervention in the market. Thus, it is well-known that the financial system of Germany is restrictive in the sense that banks historically have played a larger role in financing firms and taking part in their decision making (Hass 2007, 76),[183] and they have especially imposed strict requirements on the offer of start-up loans (Meager and Bates 2002, 305). Moreover, the labour market rigidities in relation to wage floors, union representation, anti-firing protections and high payroll fringe costs increase the burden of venturing into business by migrants (Constant, Shachmurove and Zimmermann 2003). Furthermore, the welfare social system of Germany has protected low-skilled migrants form low earnings, and the socio-economic success is more likely to be achieved by getting a well-paid and well-protected job in the mainstream economy than establishing a new enterprise (Kloosterman 2000).

Since the late 1980s, the access to self-employment for migrants has been slightly eased. The 1991 law granted foreigners the residence permit and the right to set up business (Dienelt 2001). Such improved legal position has directly facilitated the immigrants to start a business (Pütz, Schreiber and Welpe 2007, 494). Consequently, more Turkish migrants have the legal right to open a business as nearly all of them or at least one member of the families have fulfilled the requirement for residence permits (Blaschke and Ersöz 1986, 40). However, many Turks residing in Germany with residence permits have found it difficult to commit to self-employment as the governmental authorities have had little economic or political interest in small businesses, and assigned a negative connotation to migrant self-employment (Pütz, Schreiber and Welpe 2007, 494).

Low involvement is also explained by admittance requirements. The highly regulated system of Germany requires most workers to have special professional training and that is critical when it comes to founding a business. For example, one needs to have obtained the *Meisterbrief* (certificate) to prove the acquisition of the required skills or knowledge. Such legal requirement has, in practice, prevented many migrants from setting up businesses (Leung 2007, 473). Apart from the prerequisite, the decision process is rather bureaucratic. All the self-employed and entrepreneurs

[183] Based on Hass (2007, 76), the importance of banks is illustrated by the fact that the German economy has stressed long-term bank investment in specialised production and banks have been protected to engage in long-term relations with business.

have to register with the appropriate authorities, then the authorities decide if the applicants fulfil the requirement for self-employment based on the needs in specific sectors. Finally, the authorities will issue the statements to the local department (Waldinger *et al*. 1990, 186).

Although the self-employment rate of migrant increased by about 30 per cent between 1980 and 2000 given various hindrances (Kontos 2003, 121), there is still no formal recognition of the significance of migrant business (Waldinger *et al*. 1990, 187). For example, limited assistance has been provided for aspiring entrepreneurs but the recipients or targets are the unemployed. In 1986, the Bridging Allowance Scheme was introduced under the Work Promotion Law to help the unemployed their own business. The allowance is up to six months and applicants have to submit a business plan, which will be assessed by the *Deutsche Industrie-und Handelskammertag* (DIHK) (the Association of German Chamber of Industry and Commerce), the Trusteeship of Rationalisation or other authorities (Leung 2007, 474). The programme "Ich-AG" subsidized by the *Arbeitsamt* (Unemployment Office) was initiated seven years later. Applicants are not required to submit business plans and successful recipients are entitled to up to three years of funding. However, the participation rate of migrants in the scheme was low, and few migrants have benefited from the schemes (Kontos 2007, 449; Leung 2007, 477). This is because most migrants are unlikely to have registered as unemployed and contributed to the social insurance system, and thus they are not eligible to apply for either of these funds (Kontos 2003). [184]

Apart from the individual programmes, loans and trainings are offered by the DIHK, the Loan Bank KfW, the Labour Offices and the Associations for the Support of Economic Activity. Nevertheless, migrants are unable to make the most of it owing to the misconceptions of the officers who are responsible for the allocation of the fund. The officers think that migrants are all well-informed and well-supported through their social networks, so there is no necessity to offer government assistance.

[184] For the Bridging Allowance Scheme, the amount of allowance is equivalent to the amount of the unemployment benefits and the social insurance cost of the applicants. For "Ich-AG", eligible applicants are those who are on unemployment benefits or those who have received work placement through the *Arbeitsbeschaffungsmassnahme* (the job creation programme) (Leung 2007. 474, 476). For more information on the achievement of the schemes, see Leung (2007, 476-477) or Kontos (2007, 449).

Premised on such perception, the effort paid to disperse information and promote the participation of migrant entrepreneurs in related business activities is limited. On other hand, some public or non-governmental organisations offer consultation service on an *ad hoc* basis for a short period of time. However, what many migrant entrepreneurs need is continuous professional assistance and advice during the whole period of business establishment and development (Hamburgisches WeltWirtschafts Institut 2005).

Since the late 1990s, a variety of specific programmes for migrant entrepreneurship have operated at different levels but the outcome is not promising. For instance, financial assistance and information such as the programmes of HORIZON, INTEGRA and EQUAL have been available from the EU level[185] (Leung 2007, 478; Kontos 2007, 449). One of the projects financed by EQUAL was the Q.net project (the first phase-from July 2005 to December 2007). It operated in Bremen addressing the increasing number of successful business start-ups by providing training and adult education programmes for migrants. Apart from it, *Unternehmer ohne Grenzen* (UoG) (Entrepreneurs without Borders) started in 2000, under the supervision of the *Zentrum für Existenzgründungen und Betriebe von Migrantinnen und Migranten* in 2001. The UoG was funded by the state government of Hamburg and the European Social Fund. Its aim has been to promote migrant self-employment by providing consultation on business planning, training courses on financing, investment and marketing, as well as assisting self-employed to establish business networks (European Commission 2008a, 64, 69-70). At the city level, for example, the immigration commissioner of the state has provided consultation services for immigrant on start-up capital in Berlin. The *Verein für Gegenseitigkeit e.V.* (the Association for Mutuality) sponsored by the EU Social Fund, implemented a model project to promote migrant entrepreneurship from 1996 to 1999 (Leung 2007, 478). However, the above programmes have been focused on training and consultation services but scarcely involved in the provision of financial support. Furthermore, some scholars have asserted that the above programmes have not been a great help to

[185] At the EU level, the immigrant entrepreneurship did not gain sufficient attention until the 2000. The European Commission conducted a study to investigate the availability of support for immigrant entrepreneurs in 2000. A year later, a conference on Ethnic Minority Entrepreneurs inspired by the 2000 project was held to raise awareness of the important contribution of immigrant entrepreneurs to the European economy, and to discuss how to help them overcome the difficulties encountered (European Commission 2008b, 4).

migrants or migrant entrepreneurs as they lack an understanding of the functional mechanism of ethnic economies (Hillmann 2001), and largely ignore the non-EU citizens (Kontos 1997, 2003). Among others, Turkish migrant entrepreneurs, as migrants from non-EU countries, are detrimentally affected because of their legally and socially disadvantaged status (Kontos 2007, 452). [186]

The activities of migrant entrepreneurs have been formally ascertained by the government only after the year 2000. For instance, the report of the *Unabhängige Kommission, 'Zuwanderung'* 2001 (Independent Commission for Immigration) contained a chapter on the inclusionary effects of immigrant entrepreneurship (Kontos 2007, 445, 448). Although the TD-IHK has coordinated conferences, seminars and training courses, it was first set up in Köln as late as 2004, and then the branch office established in Berlin in 2009. [187] Furthermore, the TD-IHK has hardly formalised cross-border business networks or provided avenues for Turkish entrepreneurs to make or access connections with other networks on the globalised market. Even the two specific projects (Q.net and *Unternehmer ohne Grenzen*) have not given priority to developing and facilitating migrant entrepreneur networks.

According to a study completed in 2000, [188] among the organisations offering some form of support to ethnic minority entrepreneurs, no surveyed organisation in Germany stated that they had provided migrant entrepreneurs with financial support. The results have also indicated that alleged discrimination by financial providers is a problem faced by Turkish entrepreneurs in Germany. A Turkish respondent in the study explained that he was treated differently when applying for a subsidised credit as the staff in the bank asked him 'Why did you have this idea?' His application was finally rejected. The above experiences of the two cases correspond with the findings that the German financial institutions have imposed strict requirement for financial aids, and they have doubted or lacked an understanding/awareness of the market potential of migrant businesses (Centre for Enterprise and Economic Development Research 2000, 100).

[186] In 2003, the self-employment rate of Turkish immigrants was 5.83 per cent while it was 13.06 per cent and 14.88 per cent for Italians and Greeks respectively (Kontos 2007, 452).
[187] An overview of services provided by the TD-IHK can be found in Appendix E.
[188] The research was done by Centre for Enterprise and Economic Development Research (CEEDR), Middlesex University Business School, UK.

In brief, the above evidence has revealed that the institutional support from the German government in relation to promoting and developing migrant entrepreneurship is scarce. This has confirmed the hypothesis that Turkish transnational entrepreneurs have received meagre assistance from the German government. The hypothesis is further supported by the findings of the present study. First, the respondent claimed that there have been no incentives (tax or cash incentives) for migrant entrepreneurs to establish new business. Second, he has been offered no access to finance for establishment and suffered from discrimination by financial providers. His start-up capital came from his savings. Later, when he expanded his business, he borrowed money from his siblings and friends. The main reason why he did not attempt to approach the bank for loans was that he knew he would be turned down. The way he was treated and reacted is a typical example illustrating how insufficient and unprofessional service is provided for migrant entrepreneurs by the German government.

Hypothesis 2: Turkish transnational entrepreneurs do not necessarily have strong business-related ties with Turkey or with ethnic organisation in Germany.

The second hypothesis postulated on the definition of the transnational entrepreneur. The theory of transnationalism suggests that transnational entrepreneurs simultaneously engage in both host country and homeland, and that allows them to maximise their resources required for developing cross-border business. Nevertheless, if the term transnational is understood in a wider context, ties should not be linked to the host country or homeland only, as the most basic criteria of transnational entrepreneurship is recurrent commercial contact with foreign countries (for example, Portes 1999, 464; Portes, Guarnizo and Haller 2002, 284, 287 and Al-Ali, Black and Koser 2001, 259). In addition, as suggested by Glick-Schiller, Basch and Blanc-Szanton (1992), transnational migrants are deterritorialised and free-floating. In other words, even though transnational immigrant entrepreneurs usually have links with

their country of origin, such relationship is not a prerequisite or necessity to develop transnational business.

In the present study, the findings support the view that Turkish transnational entrepreneurs have few business-related ties with Turkey. First, the respondent from the textile and garment industries has shifted most of his production from Turkey to Romania, Bulgaria, Jordan and Egypt (see Diagram 7.1).

Diagram 7.1- Shift of factories from Turkey to other countries

The reason for establishing factories outside Turkey is that the respondent wanted to expand the business to the United States but there was a quota problem in Turkey. Also, owing to the high production cost in Turkey, he has purchased finished goods from China, Bangladesh and Indonesia.

In a similar vein, another Turkish transnational entrepreneur who manages the video game manufacturing company, has set up studios in Seoul, Kiev, Budapest, Nottingham and Sofia instead of Turkey. The owner of the battery manufacturing firm has established the production in Hong Kong but not in Germany or Turkey. Only those Turkish entrepreneurs who engage in food import-export have plants in Turkey. Diagram 7.2 shows the different locations of production sites.

Diagram 7.2- Location of production of Turkish transnational entrepreneurs

Second, considering the Turkish transnational entrepreneurs in this study, they all have subsidiaries abroad but most of them are outside Turkey. Diagram 7.3 illustrates the diverse distribution of the subsidiaries. The respondent has especially claimed that business should be worldwide and should not focus only on Turkey or Germany. This implies that the ties of the immigrant entrepreneurs with their home country may not be a critical concern for transnational entrepreneurs. Rather, the transnational entrepreneurs have concentrated more on the business environment. Apart from the extensive networks of subsidiaries around the world, the respondent has employed local staff or a mix of local and Turkish staff in his overseas offices, and adopted a multicultural management style by developing an open culture in the company and respecting the uniqueness of every culture.

Diagram 7.3- Distribution of subsidiaries of Turkish transnational entrepreneurs

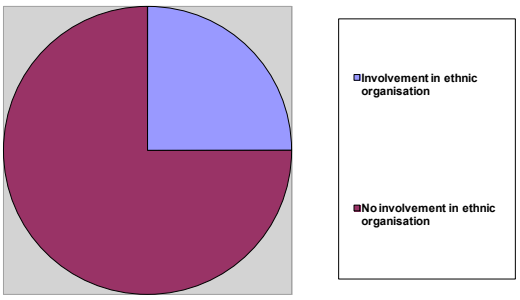
Third, the study indicates that the business-related ties or links between the Turkish transnational entrepreneurs and Turkey are not strong. Almost all of the Turkish transnational entrepreneurs in the study are not members of any business association originally from Turkey. On the contrary, most of them are members of the TD-IHK or the association of Turkish businessmen in Europe. This suggests that the transnational businesses of the Turkish transnational entrepreneurs do not only rely on co-ethnic networks or solidarity as proposed by previous literature.[189]

On the other hand, the involvement of the Turkish transnational entrepreneurs in ethnic organisations is low. Ethnic networks including ethnic business associations, informal and formal credit groups, co-ethnic clientele and co-ethnic workers have been found crucial to the economic adaptation of immigrant (for example, Light and Gold 2000; Waldinger *et al*. 1990). Also, ethnic organisations or associations are always supposed to play a role in supporting immigrant entrepreneurship. For instance, Jewish entrepreneurs have benefited from the Hebrew Free Loan Association (Tenenbaum 1993) while Asians in North America have been supported by the rotating credit associations (Light and Karageorgis 1994, 658). Referring to Diagram 7.4, however, only a quarter of the Turkish transnational entrepreneurs have had connection with ethnic organisations. Furthermore, the respondent in the study has

[189] For example, Portes (2010, 217).

claimed that no religious[190] or ethnic organisation has provided Turkish transnational entrepreneurs with any kind of assistance, and he has no close business associations with their co-ethnics.

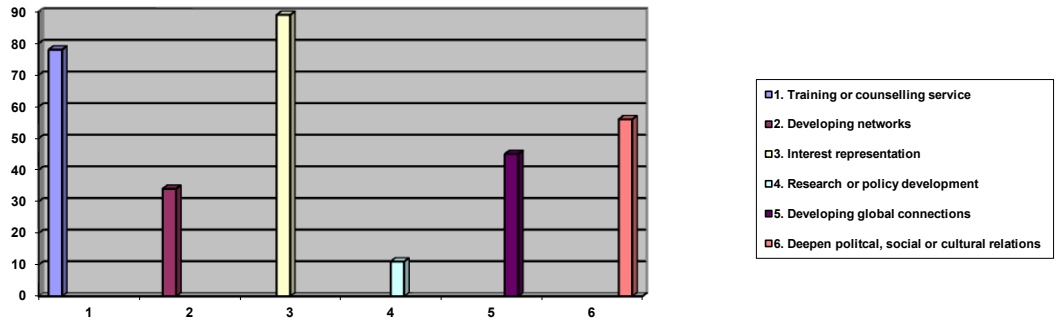
Diagram 7.4- Involvement of Turkish transnational entrepreneurs in ethnic organisations



Analysing the services provided by the ethnic organisations in Germany may help explain the low involvement. Diagram 7.5 summarises the services provided by ten ethnic organisations in Germany. It finds that the organisations have been predominantly concerned with training and consultation as well as with representation of members but developing networks has been given the least attention. Likewise, the TD-IHK or the association of Turkish businessmen in Europe with whom many Turkish transnational entrepreneurs are associated, have not considered networking to be a priority task. They both offer training, consultation, statistical information in the main and promote Turkish-German trade. In other words, the Turkish transnational entrepreneurs have scarcely provided a forum for networking with venture capitalists, experienced industry professionals or prospective entrepreneurs of Turkish origin or from other countries, in spite of the fact that it has been found that business networks which transnational entrepreneurs can access are very important to business success in the global market (for example, Upadhya 2004).

[190] With reference to the interview with the ambassador of Turkey in Berlin, Muslim organisations in Germany have had no connection or affiliation with Turkish businessmen.

Diagram 7.5- Services provision of ethnic organisation



Hypothesis 3: Turkish transnational enterprises are diverse and global.

Diagram 7.6 and Diagram 7.7 illustrate the diversity of the Turkish transnational businesses. Most transnational businesses belong to manufacturing, however, the types of industry are varied and include textile, electronics, technology, entertainment (video games), tourism (flight service and hotel) and food production. The diversification of business activities may suggest that the Turkish transnational entrepreneurs attempt to avoid competitions among themselves in order to establish and maintain a stable position on the global market. This is parallel with the observation of White (1981) that a global market schedule can be sustained because heterogeneous producers with their differentiated commodity hold a niche in the market (Aspers 2006, 429; White 1981, 544).

Diagram 7.6- Type of business of Turkish transnational enterprise

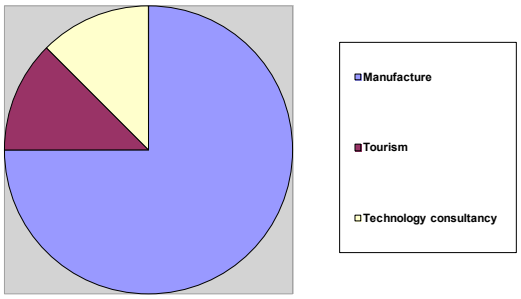
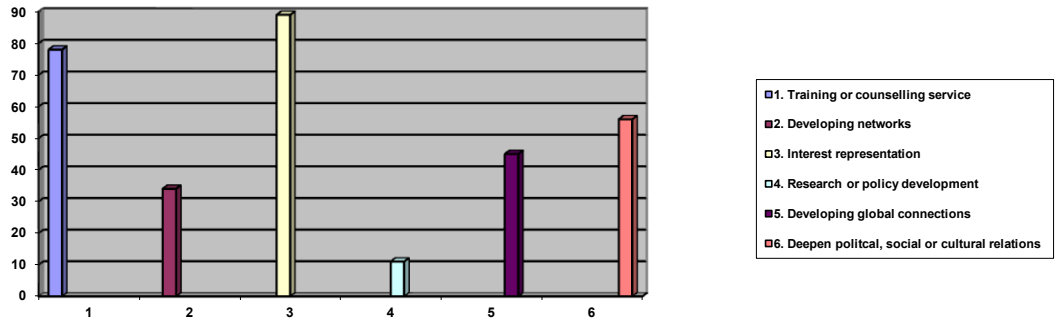


Diagram 7.5- Services provision of ethnic organisation



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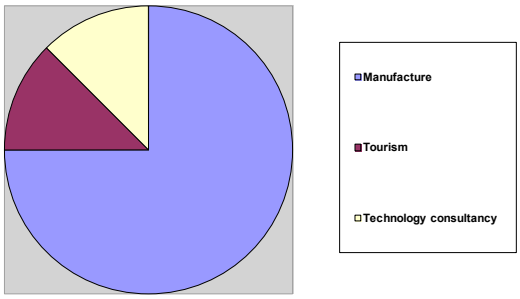

Diagram 7.7- Types of industry of Turkish transnational enterprise

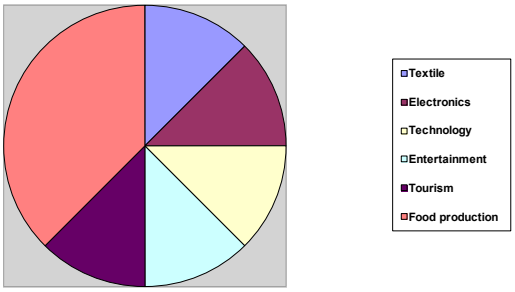

Diagram 7.8 demonstrates that the Turkish transnational entrepreneurs in the study appear to be very global as their clientele is worldwide. The target markets for their business are not confined to Germany or Turkey. For example, the respondent started expanding his market to the United States when the German sales peaked in the middle of 1990s. Also, he has established retailers and wholesalers in France, Italy, England and the Scandinavian countries. The worldwide clientele is a distinctive feature that differentiates them from the transnational entrepreneurs in the earlier research conducted in North America as Turkish transnational entrepreneurs are truly transnational.

Diagram 7.8- Location of main markets of Turkish transnational enterprise

Additionally, the respondent said that he has neither relied on the German nor Turkish markets but diversified his ventures in order to be more competitive in the world economy. With the help of his readiness and ability in understanding different human mentalities, he has developed and continuously expanded his connections with officials, banks, professionals and entrepreneurs from various countries. He has explained that globalisation is a chance that entrepreneurs either use or die from it. Entrepreneurs should not just run businesses in Germany or Turkey. What has motivated him to be a transnational entrepreneur is autonomy and financial gain. Also, he has shown a 'global vision' in the process of the development of his transnational business on textile and garment. Below presents more details.

An example of case study of a Turkish transnational entrepreneur

Traditionally, the major markets for Turkish goods are the EU member countries and the United States. During the recent years, the availability of high quality cotton, the wide usage of Computer Aided Design (CAD) and Computer Aided Manufacturing (CAM) has attracted considerable amount of foreign investment. Nevertheless, under the quotas imposed by the MFA, textile import to the United States is under strict control (Adhikari and Yamamoto 2007, 187). Since the respondent wanted to expand his business interest to the United States, he decided to move the production from Turkey to other countries in order to meet the demand of the American market, and Romania is one of his new production regions.

Romania is the largest producer of clothing in Central and Eastern Europe. It is relatively dominant in the textiles and garments industries because of its cheap labour and availability of well trained manpower in weaving, finishing, design, and textile confection. Constantly depreciating currency[191] has also encouraged foreign trade. In addition, its favourable geographical position has enabled foreign investors to supply large markets, for example, the European market (Folcut *et al*. 2009, 239-250).

However, Romania has become less prominent in the textile and garment

[191] The currency of Romania is 'leu'. Although Romania now is a state member of the European Union, it has not joined the Euro zone.

industries at a global level in recent years. First, there has been a rise in wages. Second, since Romania joined the EU in 2007, the country has undertaken trade liberalisation, and one of the commitments is to export a considerable amount of raw material, for example, wool. It has, in turn, put Romania in a less advantages position to compete with countries which have an abundant supply of textile raw material such as China and India. Furthermore, with the abolition of the MFA in 2005, there has been an increase in Asian exports of clothing and textiles. This has generated a keen international competition. In the case of the respondent of the study, increasing the production capacity in Jordan and Egypt can offset the unfavourable conditions of Romania - as these two countries are not state members of the EU.

With the abolition of the MFA, the growth of exports from Asia has been induced (Folcut *et al*. 2009, 249), and thus the respondent has started establishing business connection with Asian countries. India, as one of the countries where his subsidiaries are situated is especially beneficial to develop textile industry. For instance, the large pool of cheap labour and low cotton price in India are its comparative advantages over other countries (Verma, 2002, 18-20). In fact, India is one of the countries on the list of the largest exporters of textiles in the world (Hausding and Cherif 2008, 58), and has become a major sourcing destination for new buyers and manufacturers.[192]

In addition to low labour and raw material costs, the government of India has made itself more competitive in the globalising economy by initiating new liberalisation and economic reform in 1991[193]. First, it has reduced substantially the industrial licensing requirements and corporate tax rate, removed restrictions on expansion, and facilitated foreign direct investment (McCartney 2010, 36). Second, export promotion zones/free trade zones which have no trade barriers, customs requirements or tax regulations have been set up (Panagariya 2008, 271). Concerning the monetary policy, the rupee was devaluated by 20 per cent in 1991 and subsequently maintained its equilibrium value (Sen 2003; Krueger and Chinoy 2004).

[192] In practice, Germany is the largest trading partner of India in the EU. Since its reform in 1991, the volume of trade between two countries has increased steadily (Ministry of Textiles 2009, 2).
[193] The liberal reforms first began in the 1980s under the auspices of the World Bank and IMF (McCartney 2010, 43).

Regarding infrastructure, the opening up of international routes and the ownership of airports have been liberalised. The monopoly of the Air India has been broken by allowing domestic private airlines to operate abroad. More liberal bilateral agreements have been signed with major destination countries like England, Germany and China. In 1998, a project of modernising the national highways under the NHAI was launched. The project consisted of widening the Golden Quardrilateral[194] and NS-EW highways (Panagariya 2008, 398-404). [195]

In addition, remarkable progress in the development and provision of telecommunications has been witnessed. With the private sector participation and advanced technologies,[196] the tele-density has been considerably raised. In 1991, India had approximately 5.1 million telephones but it reached 183.5 million in 2006 with urban tele-density rising from 5.8 percent to 33 percent. Furthermore, the government initiated unlimited competition in domestic long-distance service in 2000 while ended the monopoly of the Videsh Sanchar Nigam Limited, a state-owned corporation, on international call service (Panagariya 2008, 371, 378).

To conclude, the relocation of production sites or the establishment of subsidiaries in India is not a random decision by the respondent. Rather it is a strategy that actively responds to the policies of different societies and the economies on the globalised market. The former is related to the global shifts in the textile and garment industries in relation to production cost, and the influence of trade liberalisation by the international regulating bodies. The latter is based on the potential profitability of the market. Essentially, the example here shows that the activities of Turkish transnational entrepreneurs are not confined to specific regions. On the contrary, they have multiple business linkages with countries in different parts of the world.

[194] The Golden Quardrilateral connects Delhi, Mumbai, Chennai and Kolkata (Panagariya 2008, 404).
[195] The NS-EW highways connect Srinagar and Kanyakumari as well as Silchar and Porbandar (Panagariya 2008, 404).
[196] According to Panagariya (2008, 377), the Indian government introduced the New Telecommunication Policy in 1999 in an attempt to accelerate the progress of the transformation.

Hypothesis 4: Turkish transnational entrepreneurs draw heavily on human capital

The above analysis has suggested that Turkish transnational entrepreneurs have neither benefited from the support of the German government nor relied on the utilisation of informal networks/ethnic resources. According to Portes and Rumbaut (1996), economic adaptation of immigrants is affected by the contexts of receiving and sending countries as well as individual characteristics, therefore, much research has examined immigrant entrepreneurship and identified relevant characteristics. Human capital, is one of the characteristics that has been increasingly indentified as an influential factor in the performance of companies (Bartel 1989; Howell and Wolff 1991; Prais 1995; Marger 2001). Since entrepreneurship shares the fundamental characteristic of modern, knowledge-based economic activity (Audretsch and Thurik 2001), it is expected that there is a strong correlation between education and self-employment as education captures higher ability and allows individuals to access to information (Constant, Shachmurove and Zimmermann 2003, 11).

According to the theory of Mincer (1974), schooling is an investment (Wagner *et al.* 1998, 36). Empirically, in the vast majority of human capital studies, education is the most important component of human capital (Marger 2001). Concerning the studies on immigrant entrepreneurship, considerable evidence shows that higher human capital increases the likelihood of entrepreneurship as the high qualification, professional knowledge and entrepreneurial skills reinforce them to effectively utilise opportunities, mobilise resources and develop cross-border networks (Light and Gold 2000). Yoon (1995) has also found that human capital resource such as education has contributed to operating a successful business. A study by Li (2001) has indicated that an individual immigrant entrepreneur with higher education are more likely to be self-employed than those with less education. [197]

Moreover, Lofstrom (2002), has found that there are significant differences between immigrant workers and self-employed immigrants in their educational attainment, and immigrant entrepreneurs apparently have higher educational level.

[197] The results are based on the longitudinal immigrant data base development by Citizenship and Immigration Canada as well as Statistics Canada.

The study of Basu (1998) has shown that the economic success of entrepreneurs is positively associated with educational qualifications as well. Also, Bender and Seifert (1998, 116) have contended that if migrants gain higher domestic educational and training certificates, they are more able to achieve higher occupational positions in the German labour market.

More specifically, a study completed by Bates (1994) has shown that the human capital resources of several Asian immigrant groups are positively related to the longevity and profits of business. Sanders and Nee (1996, 246) have also contended that the substantial human capital has facilitated post-immigration self-employment of American immigrants. The study by Marger (2001) has found that the BIP[198] immigrants with sufficient human capital appear to have yielded the benefit of detachment from the ethnic community. For example, the immigrants have avoided the constraints imposed by the norms of the ethnic community or ethnic organisation. It is concluded that the possession of high level of human capital have enabled immigrant entrepreneurs to disregard the reliance on formation or utilisation of social capital in business success.

Focusing on the findings of this study, Turkish transnational entrepreneurs have possessed crucial human capitals that have outfitted them advantageously for international economic activities. Half of the respondents are graduates or post-graduates. Moreover, they are fluent in both Turkish and German, and can speak English. This is in agreement with the proposition that bilingualism or multilingualism is a salient commercial advantage[199]and an advantage in establishing transnational business. [200]Apart from these, about half of the Turkish transnational entrepreneurs in the study have been in prominent positions of the business associations or organisations in Germany and Europe. They are either the founding members or the chairperson. It suggests that they have ample professional knowledge, entrepreneurial experience and managerial skills. This helps explain the findings of the weak ties between the Turkish transnational entrepreneurs and their home country, as the factor of transnational entrepreneurs in successfully engaging in transnational

[198] BIP stands for Business Immigration Programme and it is implemented in Canada.
[199] Light (2007, 8-10) has investigated the relationship between globalisation and the dominance of the English language in facilitating the transnational business élites.
[200] See Portes (1998).

activities lie in the ability, skill and attitude that promote transnational entrepreneurial practice. In other words, the accomplishment does not necessarily, or strongly, rely on the bond with the home country. An adequate amount of effective human capitals that enables an entrepreneur to build up and utilise global networks is far more influential.

In sum, given the limited assistance provided by the host country, the high level of human capitals combined with financial resource by informal networks is the critical elements in the success of the Turkish transnational entrepreneurship. It shows that the respondents have utilised the class resources more than the ethnic resources on which middleman minorities relied. This implies the difference between the owners of TNCs and transnational immigrant entrepreneurs is not as clear as it has been assumed. More importantly, the findings have challenged the applicability and relevance of the existing theory of transnationalism, as the linkages of the Turkish transnational entrepreneurs with home country are found least essential.

Conclusion

The theory of transnationalism has recently generated extensive research. However, empirical studies have focused on immigrants in North America and on marginalised groups. In an attempt to recognise the divergent transnational activities among immigrant groups, the present study has analysed the phenomenon of transnationalism in the case of the Turkish migrant entrepreneurs in Germany within a broad, structural process. The transnational perspective adopted here stresses the importance of historical context and the interconnection of political, social and international institutional factors in producing and shaping different forms of transnationalism, and has put particularly more emphasis on the role of the state than has been the case in most previous studies.

The findings of the study have demonstrated that Turkish transnational entrepreneurs have not been offered adequate assistance from the German government. Turkish transnational entrepreneurs have not been provided with sufficient start-up loans and opportunities to establish or expand business networks. Moreover, the limited programmes in relation to the promotion of ethnic minority entrepreneurship is not of great help as they are on a project basis with little sensitivity and recognition of the specific needs of migrant entrepreneurs. Also, the Turkish transnational entrepreneurs have neither had strong business-related ties with their homeland nor close connection with ethnic organisations in Germany, as suggested by the concept of transnationalism that the transnational communities have forged and sustained relations linking the societies of origin and settlement. Furthermore, their diverse enterprises and global clientele has questioned the proposition that transnational business activities naturally focus on the needs of their hometowns.

In acknowledging the meagre assistance from the German government and weak ties with Turkey, the findings of the study have found that the economic success of the Turkish transnational entrepreneurs largely lies in their optimisation of human capitals. Given the high level of educational attainment, expertise, executive experience, and a positive entrepreneurial attitude towards global competition, the Turkish transnational entrepreneurs can utilise the resources to undertake their

business activities in cross border operations, adjust to institutional structures as necessary, and exploit the opportunities to build up and expand global connections in the globalising economies. In other words, the results of the present study are in parallel with the proposition of previous research which is that education and professional background positively correlate with transnational practice. [201] However, the social networks span different nations and the social space of the Turkish transnational entrepreneurs is border-crossing and pluri-local.

Finally, the resilience of the theory of trananationalism is questioned-based on the findings of the present study. First, the economic accomplishment of the Turkish transnational entrepreneurs has not largely relied on either ties with ethnic organisations or with networks with the home country. Second, the transnational businesses practices are not only between the host country (Germany) and the sending country (Turkey). These results cast doubt on the appropriateness of the transnationalism process being defined only in the context of migration, linking home and host societies. Given the multiple business networks created by the Turkish transnational entrepreneurs, their transnational ties are not confined to two countries but spanned across the globe. Thus, as an analytical concept, the applicability and relevance of the theory of transnationalism in the present study is low.

As a preliminary investigation, the present study has shed some light on the theoretical and empirical aspects of the transnationalism process. Evidently, earlier theories are inadequate in explaining the recent transnational immigrant entrepreneurship, and hence transnationalism has been employed to interpret and elaborate the phenomenon. However, abundant findings from research including the present study have shown that the nature and extent of transnationalism varies remarkably (for example, Al-Ali and Koser 2002; Kelly 2003). Therefore, conducting more research on different immigrant groups in different countries in order to gain a thorough analysis of the variants of the phenomenon is recommended. Also, it is clear that there is considerable heterogeneity within and between different immigrant groups. Thus, findings obtained from one group should not be extrapolated as a characteristic of immigrants in general. On the contrary, scientific comparisons

[201] See Portes, Haller and Guarnizo (2002).

among different groups in a country are needed. In other words, it is important to recognise the diversity of ethnic minority businesses (EMBs) between different groups and between generations within the same ethnic group that affects their orientation towards business and their opportunities for mobilising resources to start and operate businesses.

Apart from the resilience of transnationalism, a comprehensive understanding of the vital aspect such as transnational ties is required. Transnational ties have been constructed out of national loyalties, political affiliations and cultural bonds, and they have been highlighted in the case of the Latin Americans in the United States in previous studies. Nevertheless, it is found that transnational activities have also resulted from social pressure (Al-Ali and Koser 2002, 5) while transnational ties may be determined by business practice (Kennedy and Roudometof 2002, 14). In pursuit to accomplish a critical evaluation of the transnationalism process, the broad range of reasons for transnational activities and ties should not be overlooked.

Also, the possible determinants of success in transnational practice have not been researched extensively. Informal networks such as familial resources have been documented in some immigrant groups but few studies on formal networks have been conducted. According to Kennedy and Roudometof (2002, 1), transnational relationships should be understood in a broader social context as they can be found in many other kinds of associations and clubs. On the other hand, citizenship is another aspect that is influential in promoting transnational links. For example, the acquisition of citizenship of the country of residence can make immigrants move relatively freely, and that is instrumental in enabling them to participate in transnational activities (Al-Ali and Koser 2002, 10-11). [202]

[202] For discussions of the relationships between citizenship and transnationalism, see Kastoryano (1998) or Koopmans and Statham (2003).

Appendix A

Research on immigrant entrepreneurship in Britain

Apart from the American studies, interest in ethnic minority has gained popularity in Britain since 1980. For example, Brooks (1983), Sawyerr (1983), Scarman (1986) and Reeves and Ward (1984) and Wilson (1983) have contributed to the discussion of immigrant self-employment. Scarman (1986) has advocated business ownership as a positive option for African Caribbean and African communities in Britain in response to urban disorders of 1981. The others have addressed the barriers in the path of self-employment. Also, South Asian business economy has drawn sufficient attention from researchers since the 1980s. The research identified survival as the dominant motif of the growth of Asian-owned business. Particular stress was also placed on the findings that most Asians were not compelled to engage in self-employment by job market constraints. On the contrary, they were encouraged by the financial gain and independence (Soni, Tricker and Ward 1987; Barrett, Jones and McEvoy 1996, 786-788).

In addition to the structural dimension, cultural processes are the motion under debate. It has been suggested that Asian possess cultural traits that predispose them towards and support them in entrepreneurial self-employment. Also, according to Werbner (1984), the success of the Pakistani clothing trade community in Manchester is attributed to their traditional Islamic family values and communal in-group solidarity. The former emphasizes the self-sacrificing support of family members and that fact very likely leads to excessively long hours and unpaid work. The later facilitates the exchange of information, financial pooling and trust building in customer-supplier relationship. All in all, one of the conclusions drawn from the research on Asian or Pakistani family-owned businesses is that entrepreneurial behaviour is a product of specific group characteristics. In other words, an enterprise culture may have been essentially an integral part of the tradition of some immigrant groups (Barrett, Jones and McEvoy 1996, 788).

Comparatively, the literature on immigrant self-employment in Britain was simplistic and superficial at the beginning of the 1980s. As the structure and composition of ethnic minority enterprise have become more diverse, some scholars

have investigated the classic theme of Asian ethnic cultures in business in a more sophisticated way (for example, Lyon and West 1995, Rafiq 1992). Others have refocused more directly on the role of external environment on immigrant business activities. Ward (1987) has modified the American models of ethnic enclave for the British and European situation by placing the development of ethnic business in a balanced context. The author reaffirms that the development should not be explained one-sidedly as a product of ethnicity. Instead it should be seen as an interaction between ethnic resource mobilisation and the business environment (Barrett, Jones and McEvoy 1996, 794).

Appendix B

Other examples of theories on immigrant entrepreneurs

Cultural analysis is another explanation for ethnic enterprise. The cultural model states that the emergence of ethnic economies is initiated and shaped by the economic system and milieu of the original country of immigrants that influence the nature and preferences for self-employment activity (Floeting and Henckel 2003). Among the scholars, Ivan Light (1972) has shown how migrant groups organise collective resources to exploit small business opportunities. Later Light (1980) has suggested that the tradition of solidarity might be categorized into "orthodox" and "reactive". The former would include those group traits and behaviour prior to migration; the latter would refer to patterns of behaviour arising in response to the specificities of the immigration situation. For instance, entrepreneurial values are found to be in 'hard' and 'soft' forms. The 'hard' form suggests that the entrepreneurial values are a belief system that is distinctive from the economic role of a group whereas the 'soft' form replies that those values that are an adaptation to the original conditions in which a group lived prior to migration. However, it seems that the hard form is remarkably adaptive and many immigrants become more like the native labour force over time, for example from self-employment to paid employment over the course of two to three generations. Another criticism of the 'hard' form of entrepreneurial values is that its conditions are difficult to satisfy because what one needs is evidence of business-relevant values that are not ultimately reducible to the pre-migration experience of a group. On the other hand, if a value system is adaptive, it is disputable why the behavioural traits acquired in one country are rewarded in another. Thus, it is arguable that the entrepreneurial-value approach presupposes the existence of opportunities structures comparable with acquired behavioural patterns (Waldinger 1986a, 251-252).

Similarly, the collective-resource perspective does not consider the relationship between culture and environment. Scholars such as Light (1972) and Modell (1977) have illustrated that the economic activities of Asian-American of the pre-World War II period were reinforced by nepotism and ethnic organisations that set prices as well as regulated competition. Nevertheless, it has raised a question that if culture is to be regarded as a predictor of ethnic business success, to what extent the

cultural traditions influence economic behaviour when non-traditional and individualistic actions bring out environmental rewards (Waldinger 1986a, 252). Apart from these, Waldinger (1986a, 252) has contended that the formation and development of those solidaristic organisations among Chinese- and Japanese-American businessmen can be considered rational response to constricted market situations in which unimpeded business activities would have exceeded the demand for ethnic products or services. Hence the role of the ethnic organisations as control mechanism seems more obvious - especially when they are institutionally segregated from the mainstream labour market. Such collective economic organisations are even found to be instruments of elite organisations and their efficacy is granted by local authorities (Light and Wong 1975), for instance, politicians and officials may provide patronage and funding for those ethnic leaders whose behaviour are found to be desirable or appropriate. For example, those ethnic leaders who attempt to preserve traditional authority and demand no cultural and political changes from the host country (Jakubowicz 1989).This observation suggests that the function and development of ethnic organisations are not merely determined by the ethnic groups themselves but are considerably influenced by the structural - or even political conditions of the host countries (Waldinger 1986a, 253).

Another explanation for the emergence of ethnic economies is the *niche* model. *Niches* are markets in which ethnic entrepreneurs have the knowledge of the tastes and buying preferences of immigrants and provide customers with exotic goods and services (Aldrich *et al*. 1985). Examples of *niche* include the restaurant businesses where immigrants simultaneously foster and exploit a demand for authentic cuisine (Parker 1994), and the clothing trade where high labour-to-capital ratios has enabled immigrants to access to the mainstream market. Nevertheless, the competition in the *niches* is always keen and it is usually eased by self-exploitation, expanding the business by moving forward or backward in the chain production, founding and supporting ethnic trading associations and entering into alliances with other families through marriage (Waldinger, Aldrich and Ward 1990, 47).

Appendix C

Studies of transnationalism

Apart from the above two prominent studies, a deluge of subsequent studies has highlighted the nature of these linkages, focusing on cross-border entrepreneurship and business networks for example (Smith and Guarnizo 1998, Cordero-Guzman, Smith and Grosfoguel 2001, Levitt 2001, Smith 2001, Kennedy and Roudometof 2002). In many of these case studies, the focus has been on the United States and primarily upon immigrants from Latin America and the Caribbean (Kelly 2003, 210). For example, Cordero-Guzman, Smith and Grosfoguel (2001) has offered an account of the transnational life of Dominican, Salvadoran and Chinese immigrants in New York with an emphasis on their political incorporation. Also the redefinition of identify of the second generation within a transnational social field is one of the topics in their book. An analysis of the ways in which transnational ties have changed family and work life of people between the Dominican Republic and Boston has been provided by Levitt (2001). Kennedy and Roudometof (2002) have also examined the formation of globalised communities. They have covered a range of case studies in various countries including, the Croatians in Australia, the Greek in the United State and the Turkish in the Netherlands. The discussion includes the construction of multiple cultural forms and identities as well as the expansion of class struggle under the influences of transnational process.

Outside the United States, Marques, Santos and Araújo (2001) have found that Cape Verdean women buy goods in West African countries, Portugal, Brazil and the United States, and sell them in Cape Verde. Their informal trans-Atlantic trade is possible because of the presence of settled Cape Verdean communities abroad and the long-distance networks. Al-Ali and Koser (2002) focus on transnational migrants in Europe who originate from Eastern Europe, Africa and the Middle East. Focusing on Pacific people, Spoonley, Bedford and Macpherson (2003) conclude that the transnationalism of Pacific peoples is reflected in the circulation of people, capital and ideas with the help of computer-mediated communication. On the other hand, the participant of the work of Margheritis (2007) is the Argentine community in Spain. The author has argued that the state initiates political transnationalism and emphasized the motivation of emigrant communities and the involvement of the state

such as the existence of specific projects, and even the nature of international agreements. Harney (2007) has focused on a different perspective by reconsidering the role of the imagination in the concept of transnationalism through ethnographic fieldwork in Naples, Italy.

Appendix D

Summary of the findings

The profile of the company of the respondents is summarised and presented in the following table.

	1
Qualification of owner	Dip-Ing[203]
Type of industry	Textile (including spinning, knitting, dying finishing, printing, embroidery, cut and trim)
Type of business	Manufacturer, importer, exporter, wholesaler and retailer
Products/services	Textiles, clothes
Year of establishment	1982 (Aachen, Germany) 1984 (Istanbul, Turkey)
Location of headquarters	Aachen, Germany Istanbul, Turkey
Location of subsidiaries abroad	Holland, Austria, France, Switzerland, Slovenia, Britain, the United States, India, China, Bangladesh and Turkey
Location of factories abroad	Turkey, Jordan, Romania, Bulgaria and Egypt
Location of main markets	Europe and the United States
Other investment In Turkey	Holiday resort Steam and electric power station Construction and building company Food and catering company European Trade Zone
Awards	Ranked the 3rd largest textile manufacturer in Europe in 2007
Past and current membership of business associations	A founding member of *Türkisch-Deutsche Industrie- und Handelskammer* (TD-IHK) A member of *Deutscher Industrie –und Handelskammertag* (DIHK) A founding member and chairman of the board of the Turkish-German Association of Textile and Clothing (TUDET) A member in the committee of foundation and chairperson of the Turkish Foundation of Foreign Trade in Ankara A founding member and chairman of the board of *Avrupa Türk İşadamları ve Sanayicileri Derneği* (ATİAD) *[Verband Türkischer Unternehemer und Industrieller in Europa]* A member of Euro-Türk (Liberal Europe-Turkey Alliance of Friendship)
Family resources	Two older brothers worked with the owner but now

[203] "Ing" is the German word for engineering.

	they have their own business
Language(s) of the company website	Turkish, English and German

	2	3
Qualification of business owner	Dip- Ing	Dr. Ing
Type of industry	Electronics	Solar energy
Type of business	Manufacturer, distributor and wholesaler	Consultant, contractor and technology developer
Products/services	Battery, torch and charger	Solar heating, solar cooling and solar air conditioning
Year of establishment	1994	1999
Location of headquarters	Berlin, Germany	Aachen-Uersfeld, Germany
Location of subsidiaries abroad	The United State Australia New Zealand	Turkey
Location of manufacturing plants abroad	Hong Kong, China	/
Location of main markets	North America Latin America Middle East Africa Europe Asia Oceania	Latin America
Past and current membership of business associations	/	/
Family resources	/	/
Language(s) of the company website	English, German	English, Turkish, German

	4	5
Qualification of business owner	One of the brother of the owner is a Dip-Ing holder	Postgraduate
Type of industry	Entertainment	Tourism
Type of business	Manufacturer	Tour operating
Products/services	video games	Flight service Travel agency Hotel and resort service
Year of establishment	1997	1969 (Flight service) 1982 (Travel agency) 1994 (Hotel and resort service)
Location of headquarters	Frankfurt, Germany	Hamburg, Germany
Location of subsidiaries abroad	/	Turkey (Travel agency Hotel and resort service)
Location of manufacturing plants abroad	Studios in Budapest, Hungary Kiev, the Ukraine Sofia, Bulgaria Seoul, South Korea Nottingham, the United Kingdom	N.A.
Destinations of the flight service	N.A.	Thailand Cuba Dominican Republic Mexico Egypt Tunisia
Location of main markets	Worldwide	Worldwide
Past and current membership of business associations	/	*A member of the European Parliament
Family resources	The owner is working with two brothers	/
Language(s) of the company website	English	English, Turkish, German

	6	7
Qualification of business owner	/	/

Type of industry	Foodstuff	Foodstuff
Type of business	Manufacturer	Importer and exporter
Products/services	Halal chicken, olives	Fish, shellfish and fruit
Year of establishment	1989	1980
Location of headquarters	Köln, Germany	Düsseldorf, Germany
Location of subsidiaries abroad	Turkey	Turkey
Location of manufacturing plants abroad	Turkey	Turkey
Location of main markets	European countries	Europe The United State Canada Japan
Past and current membership of business associations	A founding member of *Türkisch-Deutsche Industrie-und Handelskammer* (TD-IHK) The chairperson of TD-IHK in Köln	/
Family resources	/	/
Language(s) of the company website	Turkish	Turkish

	8
Qualification of business owner	/
Type of industry	Foodstuff
Type of business	Manufacturer and exporter
Products/services	Olives, prickles and vine leaves
Year of establishment	1988
Location of headquarters	Mannheim, Germany
Location of subsidiaries abroad	Turkey The United State Europe

Location of manufacturing plants abroad	Bursa, Turkey Manisa, Turkey Çorum, Turkey İzmir, Turkey
Location of main markets	Americas, Eastern and Western Europe Middle East
Past and current membership of business associations	A founding member of *Türkisch-Deutsche Industrie-und Handelskammer* (TD- IHK) A member of *Vereinigung türkischer Unternehmer Mannheim und Umgebung e.V.* (TID) A member of *Deutsch Türkisches Wirtschaftszentrum* (dtw) A member of *Avrupa Türk İşadamları ve Sanayicileri Derneği* (ATİAD) [*Verband Türkischer Unternehmer und Industrieller in Europa]* A member of *Verband Türkischer Nahrungsmittelimporteure in Europa e.V.* (TÜRKIMPORT)
Family resources	The owner is working with four brothers
Language(s) of the company website	English, French, German, Turkish

Appendix E
Services provided by the TD-IHK

After signing the protocol between the *Deutsche Industrie-und Handelskammertag* (DIHK) and the *Türkiye Odalar ve Borsalar Birliği* (TOBB) [Union of Chambers of Commodity Exchanges of Turkey] in 1994, the German-Turkish Chamber of Industry and Commerce in Istanbul (APC) was founded. On the basis of the same protocol, the *Türkisch-Deutsche Industrie-und Handelskammer* (TD-IHK) was established in Köln in 2003. The TD-IHK is represented by a 10-member board, half are Turkish and half are German. It provides information on sales, investment opportunities and latest business statistics of Turkey and German, as well as organises seminars, exhibitions and fairs.

Apart from the TD-IHK, IHKs and AHKs also provide services for entrepreneurs. For example, the *Industrie-und Handelskammern* (IHKs) are not governmental authorities but consist of public corporations and companies. At a local and regional level, they act as counsellors or mediators to assist members to deal with business matters. They also represent and express the interests of their members through the DIHK, the Federal Government and the European Commission. The services of the IHKs are mainly divided into six categories. They refer to (1) regional development policy (2) start-up and business promotion (3) vocational and professional training (4) innovation and environment (5) international affairs (6) legal matters. Specifically, the Berlin IHK assists the members in entering foreign markets in cooperation with the *Deutschen Auslandshandelskammern* (AHKs). Further it is linked to the Business Immigration Centre (BIS) in an attempt to provide specific advice and services.

The AHKs are the overseas partners of the Federal German Ministry for Economics and Technology to promote and provide services to support German companies abroad and the local companies in the host countries with bilateral business. The AHK was first established in Belgium in 1894 and are now located in 80 countries worldwide. They work in close association with the IHKs and officially represent their interests in other countries. Apart from the cooperation with German

embassies and consulates, the AHKs jointly work with the IHKs to assist companies in establishing and maintaining their business outside Germany.

The above information was obtained from http://www.td-ihk.de and http://dihk.de on 28 June 2010.

English translation of the names of the organisations:

Deutsche Industrie-und Handelskammertag (DIHK) – the Association of German Chamber of Industry and Commerce
Türkisch-Deutsche Industrie-und Handelskammer (TD-IHK) – the Turkish-German Chamber of Industry and Commerce
Deutschen Auslandshandelskammern (AHKs) – the German Chambers of Commerce Abroad
Industrie-und Handelskammern (IHKs) – the Chambers of Industry and Commerce

Appendix F

Example of interview

The respondent came to Germany with the help of a scholarship in the 1970s. At the time, he intended to stay in Germany as an engineer owing to the political instability in Turkey. However, he was rejected employment as an engineer because he was a foreigner. Finally he opened a souvenir shop with his savings in 1982. At first he ordered merchandise such as T-shirts and rugs from Turkey. Later he set up factories in Turkey with the financial aid from his family. Like many businessmen, he had financial problems in the initial stage of the development of his business. However, being a foreigner, he was aware that it was not possible to borrow money from banks in Germany, and hence, he did not even approach them. Five years after the establishment of his business (1987), he was finally offered a loan from a local bank. The respondent now still holds a Turkish passport. He claims that globalisation is a chance, you either survive by making the most of it or you die.

According to the respondent, a transnational entrepreneur should respect the uniqueness of culture and flexibly respond to varied policies. He claimed that one of the factors making him succeed is his readiness and ability in understanding different human mentalities. For instance, he said he is more than a Turkish in Turkey and more than a German businessman in Germany. Also he encourages his staff not to hide problems but discuss them openly. He claims that there is no problem for him to go anywhere to start a business as he has been working with multicultural groups. The motivations for being a transnational entrepreneur of the respondent are to expand his business and to increase profit. In addition, he wants his company to be more competitive worldwide instead of focusing solely on the German or Turkish markets.

The nationalities of the top management in his head office in Germany are mixed. Some are Turkish who grew up in Germany and some are German. The headquarters in Turkey is mainly composed of Turkish. On the other hand, the managers in the production and manufacturing companies in Jordan, Egypt and Bulgaria are Turkish as it is difficult to find experienced professional in those countries.

Germany is now his biggest market but the respondent has also established retailers and wholesaler in France, Italy, England, the Scandinavian countries and the United States. When the German sales reached the peak in the mid-1990s, the respondent started expanding his market to the United States. In the late 1990s, due to the quotas on textile products from Turkey, he shifted most of the production from Turkey to Romania and Bulgaria in order to meet the demand in the United States. On the other hand the production in Turkey has changed to produce high quality or high-priced products. Due to the increasing production cost in Turkey, the respondent has also purchased merchandise from China, Bangladesh and Indonesia, and expanded the production in Jordan and Egypt. Apart from the participation in textile industry, the respondent has invested in a holiday resort, steam and electric power station, construction sector, food and catering sector and European Trade Zone in Turkey.

Comparatively, there were more incentives to start and develop a business in Turkey. For instance, he was given credit and low interest rates for building his factories there. However, the respondent attended programmes organised by the *Türkisch-Deutsche Industrie-und Handelskammer* (TD-IHK) and found them helpful, for example, a seminar on financing. Also, he has built up and expanded his network by meeting with businessmen and professionals from Germany at conferences held by the TD-IHK. The respondent claims that networking is important as it allows him to seek help when necessary. Concerning financial assistance, he says entrepreneurs can approach the banks or talk to someone in the TD-IHK. He sought information on business markets and management from the TD-IHK but did not receive financial assistance from it. He is now an advisor to the German government on the textile industry. The set-up capital was from his own savings. Subsequently he borrowed money from his siblings and friends in order to expand his business. Since the brothers of the respondent are entrepreneurs, he sometimes shares information with them. Nevertheless, he has concluded that formal networking is more important than informal networking. His connection with home country is not strong. He is a Muslim and he finds that religious organisations have no influence on business. He is not a member of any political party in Germany and Turkey but has good connections with all political parties in Germany.

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